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Planning Study for the Economic Growth of the State of Maine, Volume Four

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PLANNING STUDY FOR THE ECONOMIC GROWTH OF THE STATE OF MAINE

FINAL REPORT

VOLUME FOUR OF FIVE VOLUMES

ECONOMIC ACTIVITIES WITH GROWTH POTENTIAL FOR MAINE

FOR

Maine Department of Economic Development
State House; Augusta, Maine

June 15, 1960

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CHAPTER ONE

INTRODUCTION

INTRODUCTION

This volume presents a discussion of new economic activities which can offer growth opportunities for Maine; "new" is used here in a broad sense to include those types of growth activities that may presently exist within the State to some small degree as well as those activities that would be completely new to the State in the sense that they do not exist at the present time.

This volume should be considered as a guide to new economic activities and to the manner of contacting firms in various activities. While those areas that appear most promising today are covered in this report, it is by no means all inclusive.

Maine offers good opportunity for many types of economic activity. It should be expected that new possibilities will continue to develop in the future; economic development, therefore, must be viewed as a continuing program. In reviewing growth possibilities for the State, many diverse activities were uncovered. These run the gamut from expansion of activities related to the five major industries presently in the State to some of the more unusual research opportunities in electronics and sea products. Maine's favorable labor force, its generally desirable living conditions, its proximity to large Eastern markets provide the basis for substantial growth.

In the search for new economic growth opportunities, extensive analysis was made of trends in technological developments, in new products, in growth industries and in production expansion. Consideration was given to new management concepts in diversification, research, and foreign trade,

and to the likely trends in consumer preference. The growth in population and age distribution by geographic area was studied for its affect on various economic activities. In all, a comprehensive base was developed from which the selection of some of the more promising economic activities for Maine's consideration could evolve.

The various trends and general opportunities were subsequently related to the specific assets of Maine as identified in the prior appraisal of assets and limitations; this matching essentially dealt with the practicability of establishing the activity in Maine. In the screening and successive evaluations that followed, it appeared that eight areas in particular held good promise for future planning. Numerous other activities were also found feasible; however, it is believed that the ones that are presented in this volume offer the greatest degree of "new" opportunity. The activities reviewed here exclude any consideration of the five major industries presently located within the State. While reference is made to the recreation industry as it applies to "tourism," it is not extensively covered in this report because of a separate study being conducted on recreation by the University of Maine.

The importance of recreation and the tourist trade as prominent economic activities for Maine in the future cannot be over stressed. Maine's natural assets in land and water offer the base for excellent recreation facilities. Maine's proximity to a large part of the nation's population, coupled with the growing degree of emphasis being placed on leisure time and travel, affords Maine an opportunity it can well capitalize on in the imminent future.

The following chapters in this volume cover first some of the

trends that will affect the future of Maine, and subsequently present a discussion of various economic activities which have future potential within the State. A detailed evaluation of the more promising "new" economic areas is presented; these evaluations contain a brief description of the economic activity, its future outlook, its applicability to Maine, and some broad considerations related to attracting the industry. The last chapter contains a suggested approach to contacting specific firms in the various industries. A listing of companies that appear most fruitful to contact for potential interest in becoming established within the State is presented in the Appendix.

CHAPTER TWO

TRENDS INFLUENCING MAINE'S ECONOMIC GROWTH OPPORTUNITY

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This chapter points out some of the more significant social, economic and industrial trends in the nation, and especially in the Northeast, that will affect Maine's growth opportunity. Consideration is given to factors of production, research, population, and consumer preferences which could have an impact on Maine's future activities.

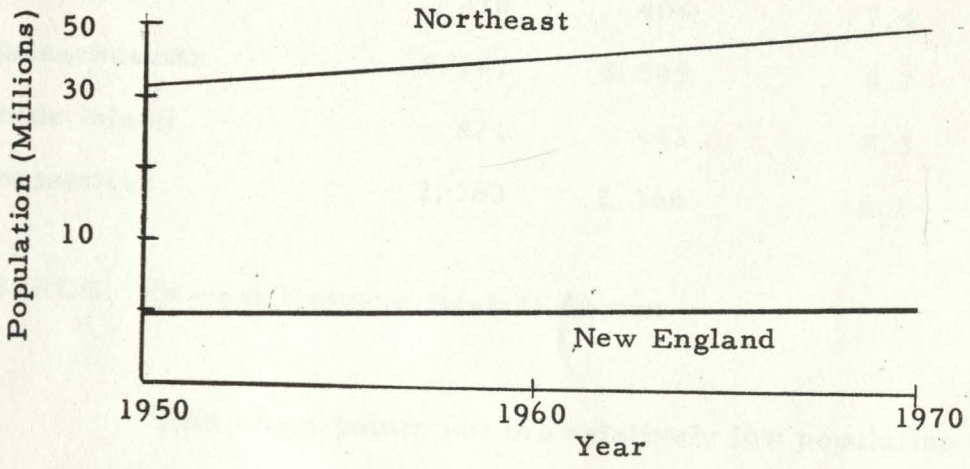
I. THE NATIONAL ECONOMY WILL GROW IN THE FUTURE

The long term trends in population and industrial activity point to a bright future for the whole nation. The impact of an increase in population in this decade of thirty-three million, an 18.7% increase, is a sizeable stimulant ... but coupled with the concerted attention that has been directed to research and new product development in the fifties, a substantial jump in industrial activity can be anticipated. Thus, economists envision the growth rate in the United States, measured in terms of gross national product, to continue at approximately three percent annually as in the fifties. This represents a major increase in the absolute growth of the economy.

The Gross National Product which currently stands around five hundred billion dollars is expected to increase to seven hundred and fifty billion dollars in 1970, a fifty percent increase in only ten years. The expected growth is indicated in the chart on the following page which shows U. S. population and production (G. N. P.) forecasts for the next ten years.

The trend in population in both the Northeast and in New England is shown in the chart below:

POPULATION OF THE NORTHEAST & NEW ENGLAND
(In Millions)



SOURCE: Bureau of the Census

In forecasts of New England's population growth by each state, it is the expectation of forecasters of the Federal Reserve Bank of Boston, that the Southern New England area will grow more rapidly than the Northern sector. More workers may be influenced to move into the Southern sector if job opportunities are not provided in the Northern areas. The chart on the following page shows the anticipated population in New England by state for the next decade.

Maine may be able to best take advantage of the anticipated growth by directing its attention to the needs of specific elements in the increasing population. Almost without exception, the growth in population in various regions will be proportionally higher in the under eighteen and over sixty age groups. Catering to the requirements of these groups -- as well as those in between -- can provide an advantage to Maine's industry.

1. An Increase of Over Five Million in Population is Forecast For the Northeast by 1970; New England Should Gain More Than a Million

The Bureau of the Census has forecast that the population of the Northeast (the New England and the Middle Atlantic states) will increase approximately twelve percent from 1960 to 1970. In its Series 2 forecasts, which represent approximately the middle forecast of a range, the Bureau expects the population to rise from 44.4 million in 1960 to 49.7 million in 1970.

In New England, the population is expected to increase about 10% or approximately by more than a million persons. New England is expected to add seventeen persons per square mile in the next decade as compared to eleven for the nation as a whole. This will represent the largest gain in any decade of the region's history.

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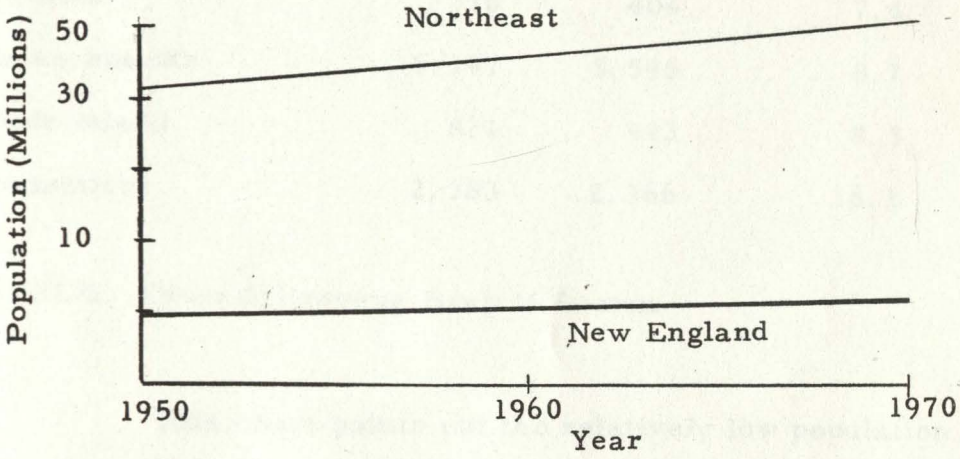
(In Millions)



SOURCE: Bureau of the Census

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NEW ENGLAND POPULATION
1960-1970

State	Population (in 000's) 1960	1970	Percent Increase
Maine	953	1,018	6.8%
New Hampshire	592	655	10.6
Vermont	376	404	7.4
Massachusetts	5,147	5,595	8.7
Rhode Island	871	943	8.3
Connecticut	2,383	2,766	16.1

SOURCE: Federal Reserve Bank of Boston

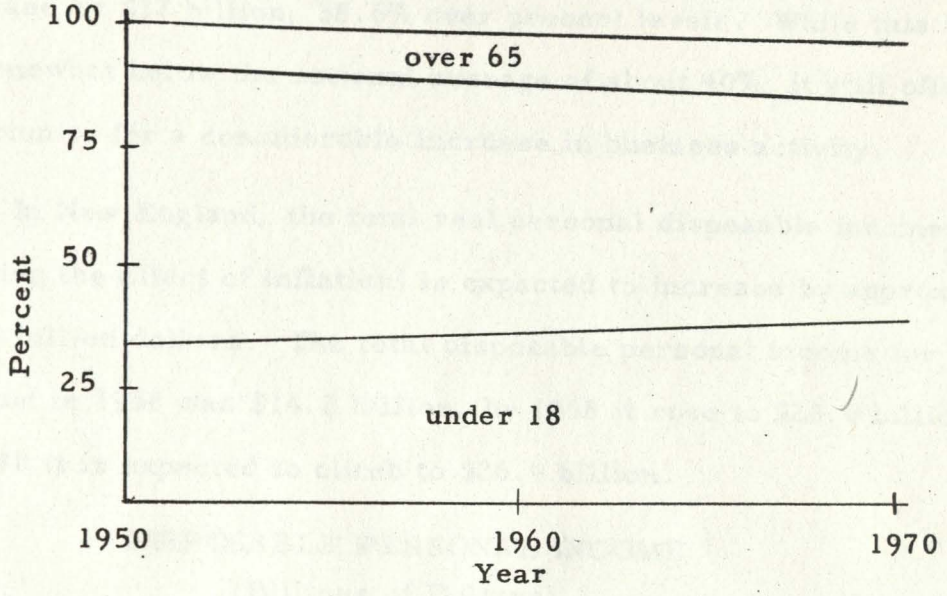
This chart points out the relatively low population growth rate in Maine as compared to other states in New England. Actually, these figures reflect an anticipated migration of New Englanders from the northern to the southern part of the region. This trend in population migration need not necessarily continue in the future. The opportunity exists to actually attract a proportion of the New England population to Maine. It is a challenge that must be met aggressively by the State.

2. <u>There Will Be An Increasing Proportion of Older and Younger Persons in the 1970 Population - This May Be of Significance to Maine</u>

While increases in the population within all age groups are anticipated, the older category, sixty-five years and older, and the younger set, under eighteen, will constitute a larger

percentage of the total population in the coming decade. The chart below shows the composition of the population by age groups for the Northeastern region of the country.

POPULATION OF THE NORTHEAST BY AGE GROUPS



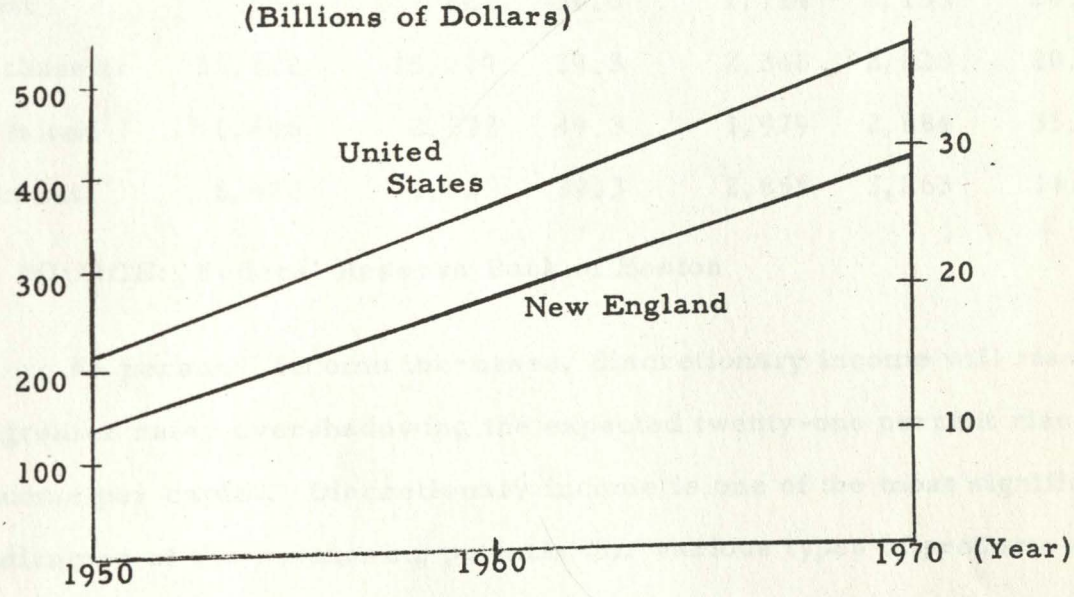
The significance of the increasing portion of older people indicates a need for sedimentary activities, for outlets for increased leisure time, for summer retirement facilities, and suggests a possible increase in service needs. The younger group on the other hand will be more active and will require more apparel, sports equipment, and similar items. Maine can take advantage of these trends by providing suitable recreation and retirement facilities and encouraging expansion in the product lines and services required by this forthcoming population.

III. A SUBSTANTIAL INCREASE IN DISPOSABLE PERSONAL INCOME SHOULD ENHANCE BUSINESS ACTIVITY IN THE NORTHEAST

Personal disposable income in the Northeast, income remaining after taxes, is about one-fourth of the nation's total. From 1960 to 1970, the disposable personal income in this region is expected to increase by $32 billion, 38.6% over present levels. While this increase is somewhat below the national average of about 40%, it still offers opportunity for a considerable increase in business activity.

In New England, the total real personal disposable income (discounting the effect of inflation) is expected to increase by approximately seven billion dollars. The total disposable personal income for New England in 1948 was $14.2 billion, by 1958 it rose to $20.0 billion, and by 1970 it is expected to climb to $26.9 billion.

DISPOSABLE PERSONAL INCOME
(Billions of Dollars)



In terms of New England's per capita income, allowing for population rise, an increase of $495, from $2,315 to $2,810, is expected in the period from 1960 to 1970. This represents a gain of 21% for the region as compared to

a national anticipated rise of about twenty-three percent.

Maine's anticipated increase in personal income, in terms of percent increase, compares favorably with the expected increases of the other New England States. The table shows the personal and per capita income for each of the New England states in the years 1957 and 1970.

TOTAL PERSONAL AND PER CAPITA INCOME FOR NEW ENGLAND STATES - 1957 - 1970

	Personal Income (millions)			Per Capita Income (millions)		
	1957	1970	Percent Change	1959	1970	Percent Change
New England	$22,769	$31,982	40.4%	$2,315	$2,810	21.4%
Maine	1,573	2,206	40.2	1,675	2,168	29.4
New Hampshire	1,066	1,582	48.4	1,860	2,417	29.9
Vermont	634	862	36.0	1,714	2,133	24.4
Massachusetts	11,322	15,777	39.3	2,346	2,820	20.2
Rhode Island	1,696	2,532	49.3	1,979	2,684	35.6
Connecticut	6,478	9,023	39.3	2,855	3,263	14.3

SOURCE: Federal Reserve Bank of Boston

As personal income increases, discretionary income will rise at a greater rate, overshadowing the expected twenty-one percent rise in income per capita. Discretionary income is one of the most significant indicators of the purchasing potential for various types of products and services. Discretionary income is that income which remains after basic expenditures for clothing, food, and housing. It generally is spent for items of a luxury or semi-luxury nature: items such as additional

appliances, recreation equipment, vacations, a second car, and so forth.

The effect of the increased real discretionary income will be to create expansion opportunities in many lines and particularly in recreation equipment and activity.

IV. VARIOUS TRENDS IN THE ECONOMY POINT UP OPPORTUNITIES FOR MAINE

Many of our industrial and economic activities are presently in a state of flux, adjusting to some rapid changes in our economy. Some of these activities will grow, others will decrease, and in varying degrees. To the greatest extent possible, it is desirable to identify those activities that are expected to experience growth, and the greatest degree of it, for potential consideration in the economic development program for the state of Maine.

In identifying those activities that will experience growth in the future, it generally is found that such expansion will eminate largely from technological changes, the effects of research programs in the fifties, and the increased requirements of the growing population. Probably the last area, population, is most obvious. By witnessing the increase in school enrollment, one can appreciate this factor's impact on the future. The results of research and new technological developments are not so immediately apparent. Experience has shown that seven to ten years may elapse before the full impact of research is reflected in business sales or capital expenditures. We do know that industry is working on hundreds of new products and processes that

will create dramatic changes in the sixties. In 1960 alone, new products will account for at least ten percent and, in many cases, more of the total sales of the machinery, auto, transportation equipment, metalworking, chemicals, and textile industries. During the next decade, this trend to new products will increase considerably. Because of the almost doubling of the volume of research and development activities from 1955 to 1960; this dynamic growth will continue in the future due to the large amount of attention being currently directed to research activities. In the selection of potential industries for Maine, therefore, it is desirable to look to those that are actively engaged in research and future planning ... these should provide a solid basis for long term development.

Some of the broad industrial areas forecasters anticipate will experience above average growth in the future include Electronics, Electrical Machinery, Chemicals, Construction, Fabricated Metal Products, and Transportation Equipment. While not all of these broad classifications present the best opportunity for the State, they do provide a base for identifying related economic activities that can also expand significantly in the future. Coupled with the identification of other industrial areas that are expected to grow at an average rate, a broad array of economic possibilities arise that can be advantageously matched to Maine's assets.

In addition to identifying the growing industries, some trends within them must also be recognized in the selection process:

- In those industries which produce light weight products, air freight is being used at a rapidly increasing rate. Distance is becoming less of a factor in site selection where good air freight facilities exist. Rather than establish storage warehouses the firms can as easily and as economically service customers direct from their manufacturing location.

- More skills in the labor force are being required. The trend to automation necessitates that workers be trained in various capacities to permit full use of such equipment.

- More female workers are being employed. In many cases, female help is superior ... in assembly, for example ... and is generally lower in cost.

These trends in industrial activity, in research, in distribution, and in the requirements of the work force all have an impact on the selection of economic activities that can provide a sound base for a continuing growth program in Maine.

One additional area that must be considered in gaining a better appreciation of the selection of specific industries for Maine is the changes and trends in consumer desires and requirements.

V. CHANGING CONSUMER PREFERENCES IN THE NEXT DECADE CAN INFLUENCE MAINE'S ECONOMIC ACTIVITY

The activities and desires of our population over the next ten years will be influenced dramatically by the higher level of average

income and by fewer working hours. The per capita income, after taxes, is expected to grow by twenty-two percent, in constant dollars, between 1960 and 1970. Since this figure reflects real income, the average consumer of 1970 will have more money to spend. Consumer expenditures can be expected to rise accordingly in this time; this means more expenditures for consumer durables, housing, non durables, and services.

The increase in discretionary time, due to a probable decline in average working hours to thirty-six hours per week by 1970, will permit increased activity in leisure pursuits. This will influence expenditures on travel, recreation, and other services. While it is virtually impossible to tell just how Americans will choose to spend their available time, it is very likely that one of the most obvious will be in increased travel, here and abroad. More attention will also be directed to various handcrafts and to hobbies such as woodworking, painting, and gardening. All of these areas can be related to industry activities.

As more people have more time and income, a rise in the quality and satisfaction of products and services can be anticipated. More attention will be paid to satisfying desires; in effect, consumers as a group will tend to permit their senses to influence their activities. For example, a consumer purchasing home furnishings will likely spend five or ten percent more for the product that is more aesthetically satisfying. The larger income of the future will permit this liberalization in expenditures. In the development of products related to con-

sumer spending, therefore, greater emphasis will need to be directed to fine taste or design.

Another change that will become apparent in the future, originating from increased discretionary income and time, will be the desire on the part of more people to be "different," to differentiate themselves from the masses, to enjoy individual expression, to achieve status by being unusual. Since the work situation may not permit such expression in many cases, it falls on activities in the person's discretionary time to find such distinction. The impact of this trend will be to place more emphasis on variety in the consumer products area in durables as well as in non-durables. Thus, consumers in the future may well be more inclined to prefer distinctive features in the products they buy, be it in color, design, or other embellishments.

VI. IN TOTAL, TRENDS IN INDUSTRY, RESEARCH, AND CONSUMER PREFERENCES CAN HELP FORM THE BASIS FOR PLANNING THE FUTURE OF MAINE

The preceding discussion of trends in various activities indicates some of the national and regional changes that may be expected in the course of the next decade. Growth in population, income, industrial and research activities, coupled with the trends in the work force and in consumer preferences, point to those general areas that can help to expand the State's economic activity. It is within this general background that specific industries for Maine have been selected.

The following chapter covers some of the more promising economic activities that appear particularly suited to Maine at this time.

CHAPTER THREE

SELECTED ECONOMIC ACTIVITIES FOR MAINE

SELECTED ECONOMIC ACTIVITIES FOR MAINE

In the search for economic activities that could appropriately be encouraged in Maine, a wide range of possibilities was reviewed. Considerable effort was expended to identify those possibilities that could employ varying degrees of skill in the labor force, offer growth potential and, above all, that could lead to enhancing the status of the State's working force in the future.

Various technical specialists at ARF and a number of industry leaders supplied pertinent information which helped select appropriate activities.

The most expedient approach to attain the goals of increased economic activity, is to initially direct attention to those types of industries that can utilize, to the greatest extent possible, those skills presently available in the State. At the same time, planning should look to the more technically oriented industrial activities for growth in future years.

I. IN IDENTIFYING GROWTH OPPORTUNITIES, BASIC INDUSTRY REQUIREMENTS WERE MATCHED TO THE ASSETS AND LIMITATIONS OF THE STATE

Through a matching of the specific attributes of the State and the requirements of industry, the study team was able to identify a number of new economic activities which hold good opportunity for Maine. In this qualitative and quantitative evaluation, the following points were taken into consideration:

* Trends and growth rate of the economic activity -- this was based on the investigations and evaluations that have been described in the preceding chapter.

* Manpower requirements -- The average number of employees per establishment and the degree of skills required. In Maine it is recognized that there exists an abundance of semi-skilled and unskilled labor with only a limited number of skilled persons presently available. Also, the geographic dispersion of the working force in Maine was considered which indicated that relatively small size operations would be more desirable in the immediate future.

  The nature of the work force in being conscientious and productive, indicated that some technical activities would be potentially sound if suitable training and education could be provided. However, it is apparent that skilled personnel would initially have to be attracted to Maine to support some of the potential industries.

* The market for products -- Here the accessibility of the State to the industry's natural geographic market was considered. Considerations in this area revolved around service to customers at a competitive price. Thus, transportation costs of the products to customers had to be taken into account;

where a substantial market area is close to the State, the transportation costs do present an obstacle, but where the market is dispersed geographically, the low weight-high value type item is necessary to permit the Maine firm to remain competitive.

* Operating conditions -- Maine's favorable tax structure and generally lower operating costs were considered in evaluating highly competitive industries. Power costs being somewhat above other regions in the country, limited the possibility of success of high consumption industries.

* Materials and natural resources -- the need of the industry for specific materials and resources with cost of processing and their availability in the State was deemed important in some possibilities.

* Business climate - living conditions -- are highly favorable in the State and were considered in identifying high wage industries.

Other assets and limitations of the State were similarly compared to the requirements of various industries. These general parameters formed the basis from which economic possibilities evolved. A list of those economic activities which can well utilize the resources of Maine for profitable operation and growth is presented in Exhibit I on the following page. Within this list, nine industries appear to hold

Exhibit I
Maine DED
June 15, 1960

SELECTED NEW ECONOMIC OPPORTUNITIES FOR MAINE*

Agriculture - Forestry based

Livestock and fur-bearing animals
Nursery stock (trees, shrubs, etc.)
Bark products (for tanning, dyes, etc.)
Fruit
Specialty forestry based products (incense, balsam, needles, etc.)
Fertilizer

Manufacturing

Fur goods
Chemicals
Printing - periodicals, books, cards, etc.
Plastic
Drugs - pharmaceuticals
Electronics - ultrasonics
Cosmetics
Metal fabrication (light)
Machinery (instruments, fixtures, etc.)
Recreation equipment (boats, water skiis, bats, etc.)
Office equipment
Insulation board
Glass specialties
Cement
Confectionery products
Jewelry
Toys
Trailers (truck and house)
Plywood (from imported veneers)

Oceanography - Fisheries

Seaweed products
Sea mineral extraction
Fish farms
Fertilizer

Construction

Pre-fab housing units or components

Wholesaling

Import of foreign products for redistribution

Recreation - Tourism

*Includes activities that are presently either minor in the State or non-existent

particular promise for profitable location in Maine. These nine industries are discussed in detail on the following pages.

It is important to recognize that the economic activities identified in this chapter are not the only ones which can flourish successfully in Maine. They represent a selective starting point for development wherein the chances of early success will be the highest. The possibility of attracting other activities should always be considered as the opportunity arises.

II. SOME OF THE MOST PROMINENT ACTIVITIES WHICH DESERVE PRIMARY ATTENTION IN LONG RANGE ECONOMIC DEVELOPMENT. ARE:

LIGHT METAL FABRICATED PRODUCTS

RECREATION/SPORTS PRODUCTS

PRINTING

CONFECTIONERY PRODUCTS

TRAILERS

ELECTRONICS

PHARMACEUTICALS

SEA PRODUCTS

RECREATION - TOURISM

These possibilities possess features that appear most appropriate for Maine. While it is recognized that some of these activities presently exist in the State to some small degree, the analysis of these fields indicates that they are growth areas which could become quite prominent in Maine in the future. The list begins with industrial activities with which Maine has had some experience in terms of production facilities, entrepreneural characteristics, and required work force, and with the exception of Recreation-Tourism, leads into areas that are more technical and will require long term planning, promotion, and effort. These latter areas will also require higher skills which training can provide. More important, these latter activities can expand considerably into related economic areas that are technically oriented, such as instruments, chemical products and so on. Recreation - Tourism as an important economic activity is recognized here, however, has not been extensively covered because the University of Maine is presently conducting

a separate study on this activity.

Each of the suggested areas is reviewed separately in the following discussion. For the most part, each description follows a similar pattern: the activity is first identified, the forecasted growth is presented, the relationship of the activity to Maine in terms of compatibility is discussed, and finally, some broad considerations related to attracting the industry are covered. A suggested approach to contacting specific firms in various industries is presented in the following chapter.

LIGHT METAL FABRICATION
- INSTRUMENTS AND COMPUTERS -

Light metal fabrication encompasses a wide range of activity extending from the manufacture of simple type of products such as tools and cutlery to more complex mechanisms in small arms, instruments, and computers. These products require both machining and extensive assembly operations especially in the latter product lines. The various products are produced by firms of various sizes. In the more simple products, relatively small size firms are characteristic; in the more complex product areas, large firms with considerable capital investment and research and development programs are characteristic.

Most of the light metal manufacturing activity is located in the Northeastern region of the United States. The chart on the following page shows the number of firms and their portion of the total U. S. volume in the Northeast region in the U. S. for some representative light metal products.

METAL WORKING IN THE NORTHEAST
(New England and Middle Atlantic States)

Category	Number of Firms			Volume (1954)	
	New England	Middle Atlantic	Total Northeast	(millions)	Portion of Total U. S. Production
Cutlery	37	82	119	$ 156.1	91.8%
Hand Tools	66	112	178	107.9	41.6
Hardware	105	235	340	363.5	32.8
Office Machines	24	64	88	118.7	43.1
Computers	8	30	38	304.7	49.5
Instruments	302	1210	1512	1335.4	62.7

I. GROWTH IN THE INDUSTRY IS CONSIDERED GOOD FOR MOST PRODUCTS, THE COMPUTER AND INSTRUMENTATIONS SEGMENTS HAVE EXCELLENT POTENTIAL

A wide range of growth patterns has accompanied various products in the light metal fabrication field. The historical growth pattern of the industry is illustrated in the following chart which shows that in the decade 1947-1957 the greatest percent growth took place in hardware and computers.

VOLUME OF SELECTED METAL PRODUCTS

	Volume (millions)		Percent Increase
	1947	1957	1947 - 1957
Cutlery	$ 143	$ 191	34%
Hand Tools	273	312	14
Hardware	578	1,359	235
Office machines	179	346	97
Computers (all types)	294	1,008	350
Instruments	1,140	2,129*	86*

* 1947 - 1954

In the next decade, fabricated metal products are expected to expand approximately twenty-seven percent over-all. Certain groups of products will grow more rapidly. Instruments and controls will more than double their 1960 volume as will office machinery. This whole industry therefore, offers good potential for future industrial activity.

II. LIGHT METAL FABRICATED PRODUCTS APPEAR SUITABLE FOR PRODUCTION IN MAINE FOR MANY REASONS

The light metal fabricated products industry has requirements and characteristics which are particularly suited by the assets of the State. Maine presently has a labor force which is considered highly dexterous, a prime requirements for precision machinery assembly. With improved training in the machining activities, the working force in the State should aptly suit the requirements of this industry.

Its close proximity to major population area also brings Maine close to a large market for products of this industry. If the Midwest were added to the Northeast, the market which could be serviced by manufacturers in Maine would constitute the major portion of the total domestic market.

A highly important characteristic of the light metal fabrication industry is that products generally have a high value to weight ratio, thereby minimizing the effect of transportation costs. Maine would be at no significant disadvantage in producing these products, especially those in the more advanced fields of instruments and computers.

Since a large part of the light metal industry is established in the geographic area close to Maine, a branch operation or manufacturing facility expansion should be as likely a candidate for Maine as for many other areas in the Northeast. The branch type operation could readily be associated with a present firm situated in the Midwest or in the Northeast. It should additionally be possible to attract to Maine some of those firms presently established in the Middle Atlantic and in other New England states.

III. MAINE SHOULD CONCENTRATE FIRST ON THE MORE SIMPLE METAL FABRICATING ACTIVITIES, THEN GRADUALLY LOOK TO THE MORE COMPLEX ONES

One feasible way of expanding the industry within the State would be to attract first the more simple types of fabricating activity, then, work into the more elaborate ones. This approach has the advantage of increasing the skill of operators in the metal working activities while still providing employment opportunities to retain the work force. Provision should be made to expand the training of Maine's people so they can offer industry this skill.

In light metal fabrication, a wide range in the size of companies exists. It would be appropriate, therefore, to follow two programs: one designed for the small ones, the other for larger concerns. Initial contacts with both groups can be made through use of a business brochure and direct mailing as outlined in Chapter Four. Subsequently, invitations to visit the State and learn more about it can be extended to prospects in each category.

The detailed approach to contacting prospects is covered in

Chapter Four of this volume. The approach outlines the steps that the State can take to engender interest in prospects and to subsequently encourage them to consider the possibility of locating in Maine.

RECREATION EQUIPMENT INDUSTRY

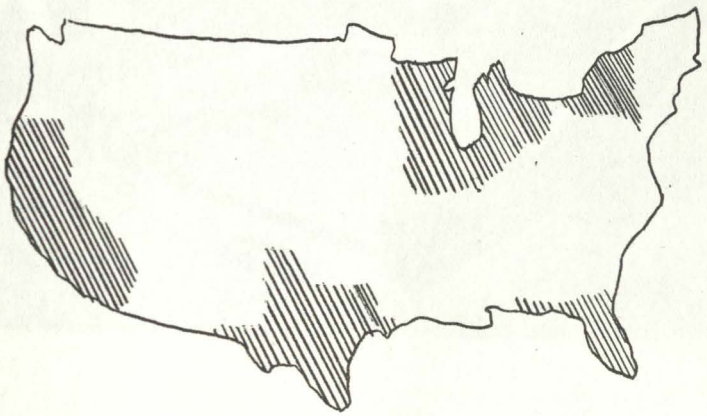
The increase in the amount of discretionary time and income has permitted more people the opportunity to participate in sports and recreational activities. It appears that this trend will continue in the future, since further reductions in the average weekly working hours are anticipated. Thus, the recreation equipment industry as a whole will find a larger market and will expand over the next decade.

The field of recreation equipment covers a variety of products ranging from golf clubs, balls, tennis rackets, and on to boats. The industry is generally optimistic about experiencing an increase in all areas, although some particular products will grow more rapidly, depending on the desires of people in their use of leisure time.

One area in this broad industry where Maine might well concentrate its initial effort is boating. In boating, the manufacturers are generally small operations with only a few large ones dominant in the field. Many are located in the Eastern and Midwestern sector of the country, as is apparent

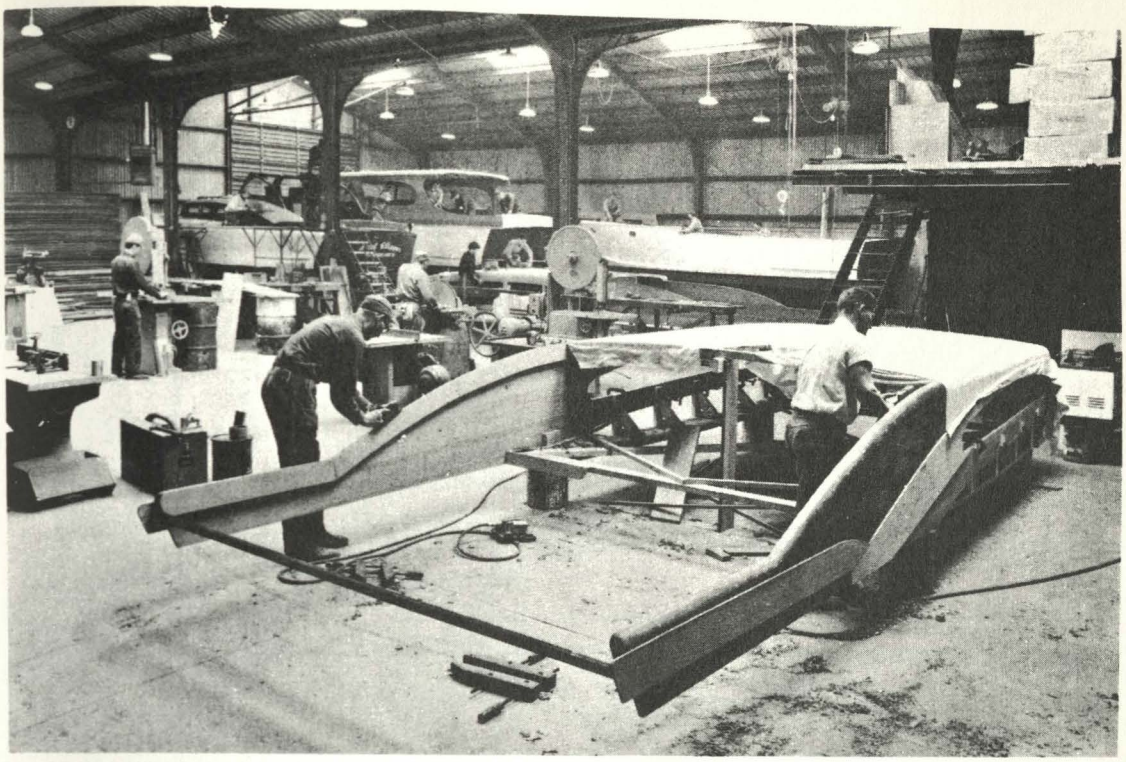
from the chart below. In this chart, the manufacturers of general lines of boats are shown; specialty boat producers, who compromise only a small portion of the total are excluded.

LOCATION OF BOAT BUILDERS



(Shaded areas indicate location)

Manufacturing practices, as they are performed today, follow the job shop type operation, with considerable hand work required. The illustration on the following page shows typical operations in boat manufacture. While this picture shows the manufacture of some medium size boats, the manufacturing techniques in smaller crafts are quite comparable .



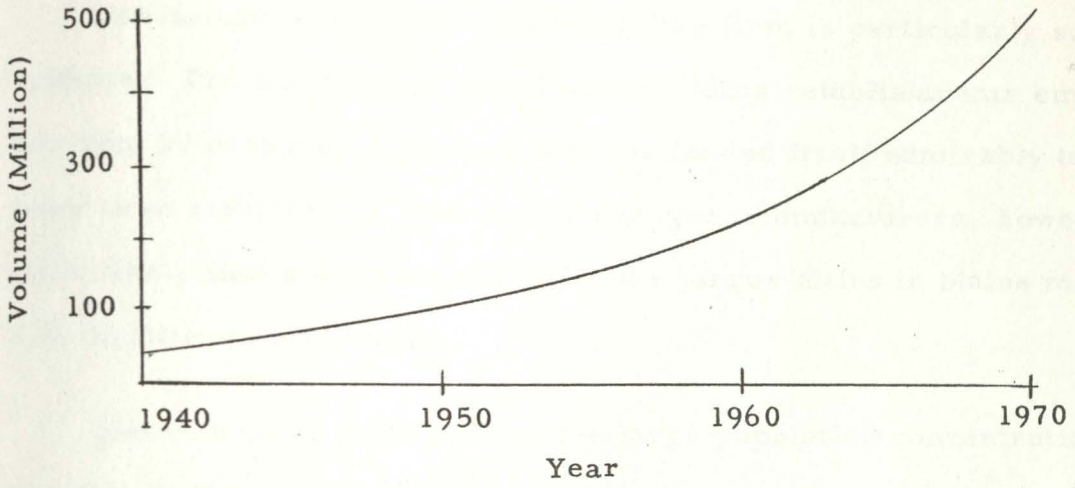
Although many boats are still constructed of wood, the trend in boat building has been toward increased use of fiberglass, particularly in the very small ones; at the present time about 65% of small craft are of wood construction, 20% of metal, and the balance, 15%, of plastic (fiberglass). Since the use of fiberglass is well adapted to processing in medium and small size shops, it should readily compliment wood construction and should expand the base of this type of manufacturing activity.

I. THE BOAT MANUFACTURING INDUSTRY HAS EXPERIENCED SKYROCKETING GROWTH, A TREND LIKELY TO CONTINUE IN THE FUTURE

In 1941, sales of boat manufacturers totaled $21 million, by 1959 they had increased to $225 million, a 1070% increase. By 1970, the industry is expected to climb to $500 million, a skyrocketing increase

as the chart below illustrates.

BOAT SALES



The opportunity that will be created here is quite apparent from the above forecast. Maine's favorable location in the vast boating area of the Northeast should make it ideally suited to this type of activity.

II. MAINE OFFERS MANY FEATURES WHICH ARE WELL SUITED TO THIS INDUSTRY

Maine has the necessary requirements for the manufacture of boats. The abundance of working force with potential craftsmens' ability should lend itself well to the boat-building industry. Materials are readily available; in some cases the lumber used in construction can be produced within the State. Where materials are imported, the transportation cost in comparison to value is low, and thus, not in the least detrimental.

In terms of finished cost, the value of the product in sports-recreational field is relatively high per unit of weight. Transportation

cost should not present any problems since a large portion of the market for sub-products is situated in the densely populated regions which are relatively close to the State.

The nature of the usual boat-building firm is particularly suited to Maine. The majority of small boat building establishments employ less than 50 persons, a pattern that has lended itself admirably to the small town structure in Maine. The larger manufacturers, however, would likely find a location closer to the larger cities in Maine more ideal to their requirements.

Maine's close proximity to the large population concentration and to water facilities places it in an advantageous position to serve this industry. As vacationing in Maine as well as in New England as a whole increases, the regional demand for water sports equipment will increase. Thus, it appears that boating as well as other sports and recreation equipment is a "natural", so to speak, for the State.

III. IN ITS CONTACTS, MAINE SHOULD LOOK TO RECREATION AND SPORTS PRODUCERS IN ADDITION TO BOAT MANUFACTURERS

In contacting various firms in this broad industry, effort should be directed to attracting manufacturers of varied products in recreation and sports equipment as well as in boats. Many of the firms in these other areas have requirements comparable to those for the boating industry.

It would be well to direct attention at both the large and small producers in the industry. Either should be adaptable to production

within the State.

In this industry, it appears especially fruitful to contact manufacturers in the Midwest in addition to those in the Northeast. Companies in the Midwest could be prime candidates to establish branch operations in another geographic area where a sizeable market potential exists.

PRINTING

Printing as referred to in this discussion refers to the more specialized activities in custom printing, to items such as stationery, folders, promotional material, business forms, etc., and to books, pamphlets, and magazines. Newspaper printing is excluded from consideration here because it generally is attached to the local area is services. The specialty printing industry is experiencing increased activity because of the growth in population and increased interest in publications of various types.

Some of the specific products that have been experiencing growth in the specialty printing lines are listed on the following page. Also included in the table are the total receipts of each product line and percent increase that was experienced in the 1947 - 1954 period.

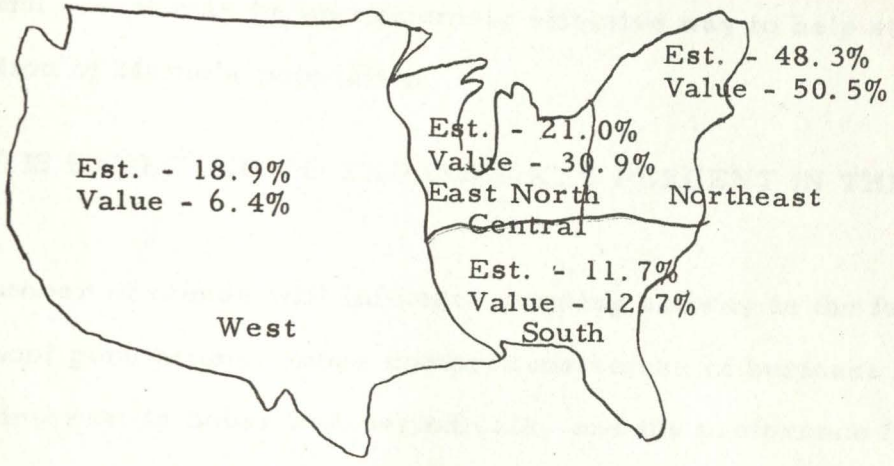
GROWTH PRODUCTS IN PRINTING

Product	Total Receipts (1954) Millions	Percent Increase (1947 - 1954)
Books and pamphlets	$ 72.9	150%
Directories, catalogs, almanacs	66.4	110
Business services	55.9	107
Maps, atlases, etc.	20.9	118
Magazines and periodicals	34.2	290
Cards (other than greeting cards)	4.5	174
Business forms	132.2	480
Calendars and desk pads	50.5	295
Greeting cards	12.8	137

At the present time, the Northeast region of the United States houses 4,307 printing establishments*, almost half of those in the country; value added by manufacture is $1,627 million, which also represents approximately one half of the total volume as shown with illustration on the following page.

* Excludes newspaper publishing.

PRINTING ESTABLISHMENTS AND VALUE OF SHIPMENTS (1954)
(As a % of U.S. Total)



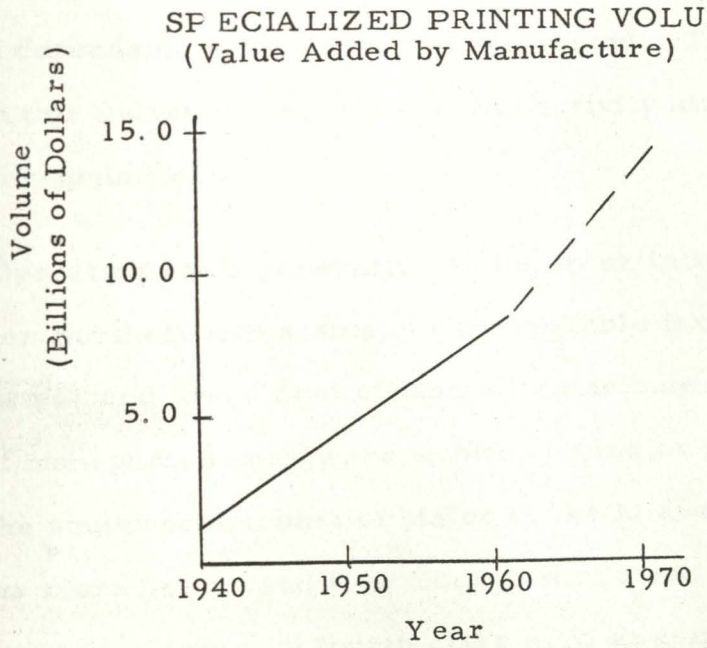
Climatic conditions, especially humidity, play an important part in the printing process. The problem that arises with humidity is that the paper expands and contracts with changes in the moisture content of the air. To provide acceptable results, humidity must be maintained at a constant level. This is particularly important in color printing. Since the general climatic conditions in Maine are reasonably comparable to the other states in New England which have printing operations, it is believed that no unusual problems would be experienced by this industry in the State.

The operations of a printing plant, especially in larger operations, require skilled labor. Average training time for a printer is three years if little formal education in the field is had. With formal training, this period

can be decreased considerably. The development of this trade would be particularly attractive to Maine since it could call upon and offer good opportunity to Maine's younger population. Printing would provide year around employment and offers one of the highest wage rates found in New England - - it may be an extremely effective way to help stem emigration of Maine's population.

I. PRINTING IS EXPECTED TO EXPAND SIXTY PERCENT IN THE SIXTIES

A number of trends will influence printing activity in the future; larger school populations, more comprehensive use of business forms, enlivened interest in books and periodicals, and the preference for custom and distinctive brochures and personal stationery. The increased use of business forms alone, has grown monumentally in recent years. The chart below shows the anticipated growth in the specialized printing activities of this industry.



The market for these products will expand in the states close to Maine as well as in other parts of the country. With the wide variety of printed products required in this immediate market as well as in other nearby regions of the United States, ample opportunity will exist for the establishment and growth of both small and medium size firms.

II. MAINE HAS FEATURES THAT CAN BE PARTICULARLY ATTRACTIVE TO THIS INDUSTRY

Maine's potential for the printing industry arises from its adaptive work force, its opportunity to provide generally lower operating costs, its internal source of paper, and its close proximity to important established publishing and editorial offices in Boston and New York.

Labor in Maine is adaptive to the skills required in printing. With a suitable training program, preferably of an industry co-op type, a dependable work force can be created. The favorable wage ratio in this industry should make this activity attractive to the younger population.

Operating costs generally can be lower in Maine than in some of the other Northeastern states. The favorable tax situation, moderate wage rates, and lower cost of land all contribute to keep costs down. Cost of transportation appears to offer no major problem. Mail rates from the southwestern part of Maine to the Midwest are roughly the same as from Boston and New York to that area; books, for example, are generally shipped by fourth class mail at a special rate which is

the same for shipments made from Maine or from New York to the Midwest.

Transportation facilities in the form of truck, rail, and air are satisfactory for the requirements of the industry and should present no obstacle.

The paper production in the State while perhaps not presenting a significant cost advantage, does offer the potential for better service Printing establishments that require reasonably large quantities of varied paper items and any specially prepared paper may find a Maine location helpful in receiving especially fast delivery.

Maine is also advantageously situated in terms of proximity to publishing and editorial offices. Many of these are situated in the Boston and New York areas and by plane are only a matter of an hour or two away.

III. SMALLER PRINTING ESTABLISHMENTS LOCATED IN THE NORTHEAST APPEAR THE MOST FAVORABLE TO CONTACT INITIALLY

In expanding the printing industry in Maine, it will probably be necessary to build it up gradually. Since skilled personnel are required in many of the printing operations, it will be necessary to develop a work force trained to some degree in printing activities to supplement the skilled tradesman that would move into the State with the incoming concern. It would appear most practical, therefore, to seek initially to attract some of the small to medium size firms whose manpower requirements would not be too demanding from a

techincal standpoint and whose particular product lines would be adaptive to divorcing the printing activity from the marketing areas. The sales and advertising offices could conveniently remain in the large metropolitan areas such as Boston and New York. As the industry grows, the available local work force, if increased and trained properly, can support larger operations.

Established firms in the Northeast would be the most likely candidates for migration to Maine, either in terms of moving whole operation - if small - or in locating a branch operation. Concerns presently located in the Midwest would more probably establish a branch operation initially, with the potential for enlarging it in subsequent years.

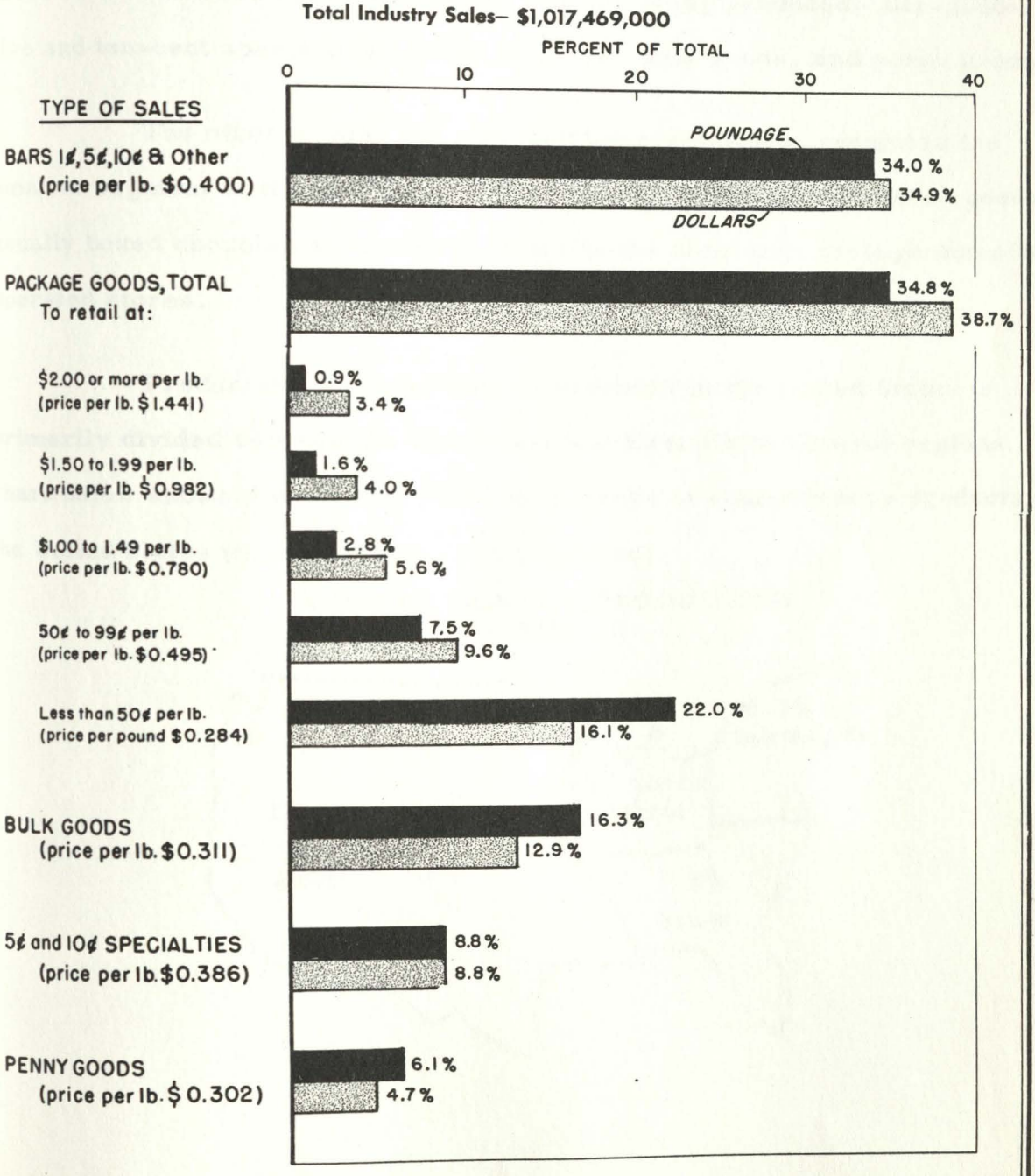
CONFECTIONERY PRODUCTS

A wide variety of goods are included in confectionery products. These comprise items such as hard and filled candy, nut brittles, toffees, nougats, fudge, caramels, glazed nuts and fruits, coated fondants such as chocolate creams, chocolate covered nuts and fruits, and so on. Not generally included in this classification are chewing gum, unsweetened popcorn, nuts, and cough drops.

Domestic volume of confectionery products in 1958 amounted to $1,120 million, imports were valued at $15 million and exports amounted to $4 million. In exports, Canada was the largest export nation with Mexico and Cuba following. The 1958 sales of the industry broken down into product lines is shown in Exhibit II on the next page. The majority of volume is divided between bar and package goods.

EXHIBIT II

Sales of the Manufacturing Confectionery Industry By Major Product Lines, 1958

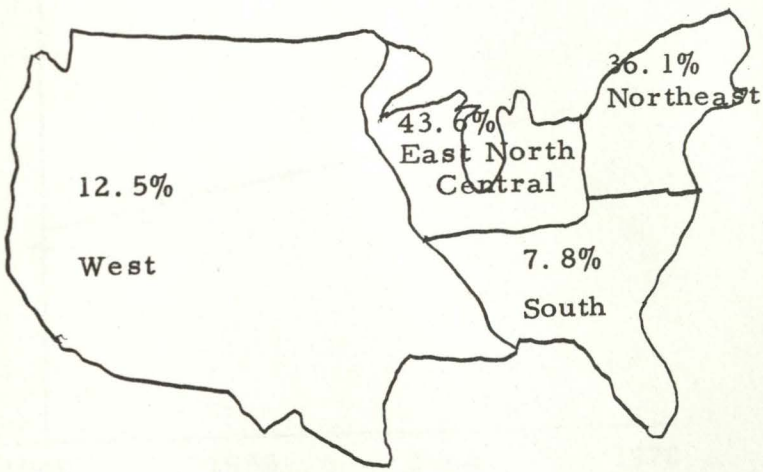


Candy manufacturers are divided into two groups, manufacturer-wholesalers and manufacturer-retailers. The first group, the manufacturer-wholesalers are the mass producers of the candy industry. Their products are usually marketed through jobbers, chain stores, and independent retailers. While some concerns in this group produce a variety of items, in many cases, these manufacturers specialize in the type of candy produced: bar-goods, five and ten-cent specialties, package goods, bulk goods, and penny goods.

The other group, the manufacturer-retailers, comprise the smaller segment of the industry. These consist of producers whose goods, usually boxed chocolates, are sold direct to the consumer through manufacturer-operated stores.

Production of confectionery products in the United States is primarily divided between the Northeast and East North Central regions. The chart below shows the current production areas of confectionery products in the United States (in terms of pounds produced).

CONFECTIONERY PRODUCTION
(1958)



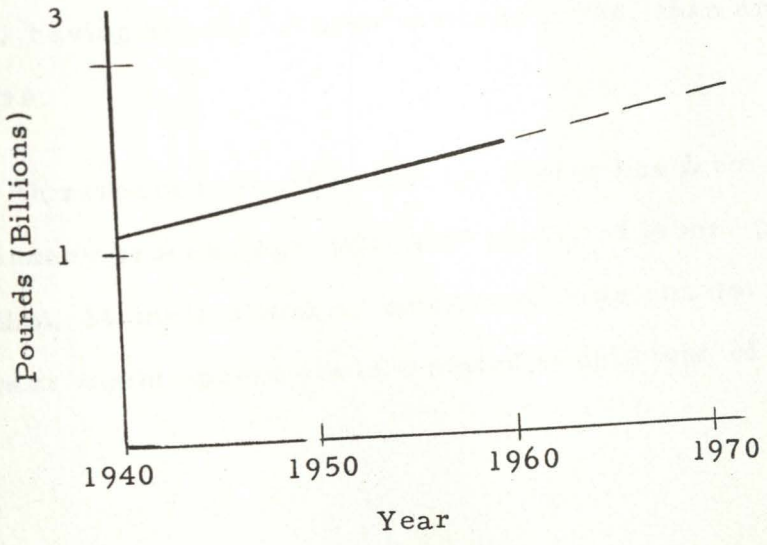
In 1958, about 36.1% of total United States production originated in the Northeast and 43.6% in the East North Central states.

I. WHILE THE INDUSTRY HAS BEEN FAIRLY STABLE OVER RECENT YEARS IT IS EXPECTED TO EXPERIENCE SOME GROWTH IN THE FUTURE

The per capita consumption of candy gradually increased from 14.7 pounds in the twenties and thirties to a peak of 20.5 pounds in 1944. From then it gradually decreased to 15.5 pounds in 1955, but more recently it has begun to increase once again. Perhaps this increase may be attributed to the nation's larger young age group.

On a total production basis, however, volume has experienced a long term growth, though a leveling has been in effect through most of the fifties. Indications are that an increase will be experienced in total production over the coming years. The trend of the industry is shown below.

U.S. CONFECTIONERY PRODUCTION



The stability of the industry coupled with the export potential warrants its consideration as an economic growth opportunity for Maine.

I. THE CONFECTIONERY INDUSTRY OFFERS THE POTENTIAL TO INCREASE IN-STATE PROCESSING

In the production of confectionery products, the principal ingredients are cocoa, sugar, milk, and eggs. The cocoa and sugar are primarily imported but the other two items milk and eggs, are produced near the plant site. Additionally, considerable quantities of nuts and fruits are used, depending on the type of product produced.

Maine is in a good position to develop the raw material requirements with the exception, of course, of cocoa and sugar. In developing this industry within the State, Maine could integrate its raw material production, to a manufactured product. The State would make strides toward internal processing - doing as much work within the State as is possible - and shipping out virtually a completed product. From the standpoint of importing cocoa, Maine producers would be in a better position, having access to nearby ocean ports, than are some Midwestern producers.

With respect to manufacturing, Maine has favorable conditions for confectionery processing: adequate supply of labor, plant sites, etc. In addition, Maine's climate, being moderate and not too hot at any time in the year would appear ideally suited to this type of product.

III. CONTACTS WITH THE INDUSTRY SHOULD BE MADE WITH MIDWESTERN FIRMS AS WELL AS THOSE IN THE NORTHEAST

It is quite probable that a Midwestern firm would consider the possibility of locating a branch operation in the Northeast. The present large market both in the domestic Northeast, as well as potential export to Canada, would likely entice these manufacturers to the area.

Those producers presently situated in the Northeast might also consider a move to Maine, especially if raw material production and total operating cost proved advantageous. With the high degree of hand work in the better lines of candy, it would appear worthwhile for a manufacturer to consider the advantages of Maine's work force in terms of productivity, dependability, and low cost for such production.

THE TRAILER INDUSTRY

An official of one of the leading producers of mobile homes has said, "The American public is heading for the road," and industry statistics bear him out. Today, a growing trend is being experienced in moving the home accommodations right along with the moving family. Approximately 1,400,000 mobile homes and 130,000 travel trailers are in use today.

Within this industry there is a major distinction between two types of trailers produced. Mobile homes are considered a fairly semi-permanent dwellings that generally range from eight to ten feet in width and from forty to fifty feet or more in length. Customarily, a small truck is required to move these units between locations. A travel trailer, on the other hand, is the vacation trailer so to speak. It is the type designed to be pulled behind an automobile, being considerably smaller than the mobile home. An average trailer size is about seven feet wide and eighteen feet long.

More than 3,500,000 people live in mobile homes today, the average size of a mobile home family being 2.9 persons. These residents, classified by the occupation of the head of the household are divided in the

following groups:

37% are skilled workers

20% are military personnel

18% are professional people

10% are retired

3% are students

12% fall into other small groups as businessmen, laborers, semi skilled, etc.

Of the total residents, about 90% attend church and 87% are registered voters. The average income of the family is about $5,250. The average owner stays 27 months in one location and when surveyed, the majority (93%), have stated that the mobile home is satisfactory for their families.

Most mobile homes and trailers today are built in a custom job shop. A large amount of hand work in the fabrication of parts and in assembly is performed in the construction of these units. Various materials are employed in construction: a steel frame forms the base, a wood frame fashions the sides and roof, and exterior surfacing materials include masonite and aluminum sheets. On the interior, various types of wood paneling are most frequently used.

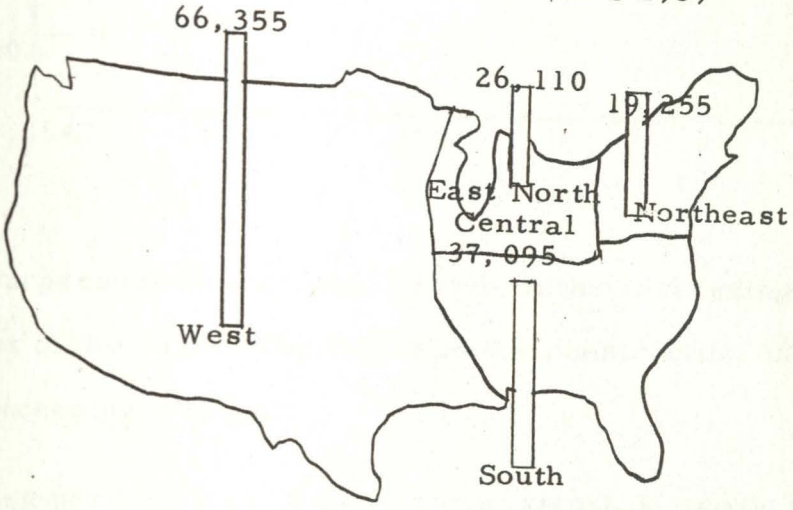
There are approximately 377 manufacturers of mobile homes in the United States at the present time. Many of these producers are located in the Midwest.

Prices for trailers and mobile homes fall in a wide range, most selling from $1500 to $9000. The average selling price of a mobile home in

1959 was $5500; the travel trailer average price was $1800. Total industry volume in 1959 was $692, 701, 000.

The geographic distribution of mobile home sales is shown in the following chart. Note that the Northeast region accounts for about 13% of the 1959 purchases.

MARKET FOR MOBILE HOMES 1959

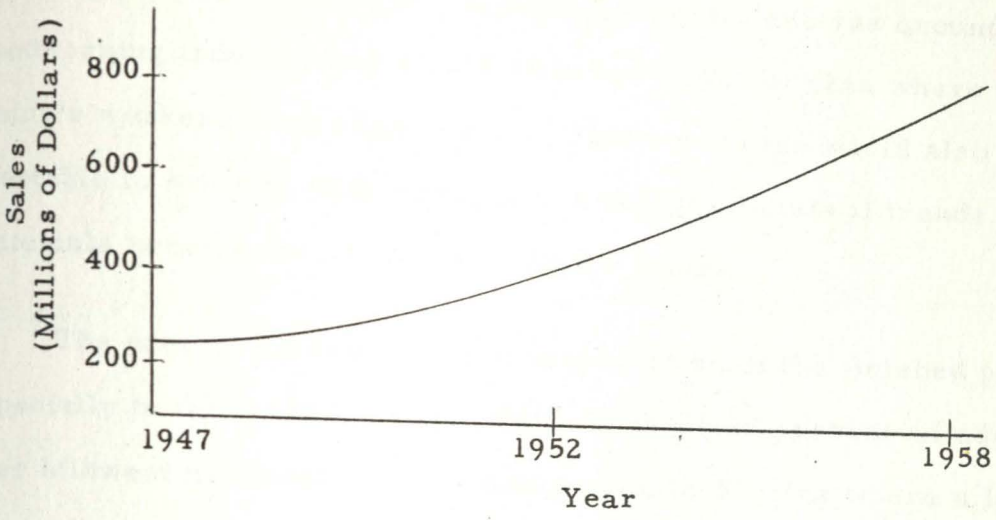


To Maine alone, 1, 225 mobile homes and trailers were shipped in 1959; New England shipments totaled 5, 100.

I. SUBSTANTIAL GROWTH IS EXPECTED TO CONTINUE IN THE INDUSTRY

In the last decade, the volume of mobile homes has tripled. This rapid increase is due in part to older poeple utilizing mobile homes in their retiring years, in part to younger families utilizing them for low cost living quarters, and finally to those families where the occupation of the family head requires mobility or periodic change. The trend in the volume of total domestic sales is shown on the following page.

U.S. MOBILE HOME AND TRAVEL TRAILER SALES



From present indications, growth in the secceeding decade should exceed that of the past. The future in the construction of mobile homes appears exceedingly bright.

II. MAINE'S ASSETS ARE SUITED TO THE MOBILE HOME INDUSTRY'S REQUIREMENTS

Maine has features which can be of distinct advantage to manufacturers in the trailer industry.

The typical mobile home manufacturing operation is small to medium size and of a custom nature. In Maine this type of production lends itself well to the manpower available in many of the small towns. In addition, the larger cities in Maine can readily support, in terms of manpower and facilities, a medium to large firm.

Semi to unskilled workers can be employed fruitfully. A comparatively low wage rate is exceeingly advantageous, from a competitive

standpoint, since a large amount of hand work is involved in the manufacturing process. Much of the work presently evolves around the woodworking industry and skills attached to it, an area where many of Maine's workers have experience. These workers would also be readily adaptable to working with fiberglass and light metals if trends to such materials become more intensive in the future.

The ease of movement or transportation of the finished product - especially to the market areas of the East would present an advantage over Midwest producers. Shipments even to Florida where a large market presently exists, could readily be made.

III. THE INDUSTRY CAN BE DEVELOPED IN MAINE BY TWO AVENUES:

- ATTRACTING BRANCH OPERATIONS OF MIDWEST PRODUCERS
- ORIGINATING WITHIN THE STATE

In looking to develop the industry in Maine, it seems feasible that a branch operation of one of the large Midwest producers should be encouraged as a first step. Since the Eastern portion of the United States is increasing the purchases of these units, production branch situated in Maine would permit the Midwestern concern to service this market at a cost reduction. The experience such present producers have in the field would bring a greater degree of stability to the enterprise then might be achieved through the initiation of a new domestic activity.

Establishing the industry in the State should, however, be a "natural" for some of the smaller enterprising firms. The capital

requirements are nominal, there is a rapid inventory turnover, and the skills for construction of mobile homes are comparable to those used in many of the woodworking activities in the State presently. Local manufacturers should be introduced to the feasibility of manufacturing mobile homes within the State.

ELECTRONICS

Electronics is one of the major growth industries of the past decade that will continue its rapid rise through the sixties. The products of the electronic industry may be grouped into six major categories: consumer products, military electronic equipment, commercial and industrial electronic equipment, electron tubes, semi-conductor devices, and other electronic components. Consumer products center around radios and televisions and include also phonographs, and tape recorders. Military electronics consists principally of systems equipment for weapons, missiles, space exploration, information processing, and communications. Commercial and industrial electronic equipment includes quality and measuring items, information processing, infrared, communications, measurement devices, and a host of other systems equipment. Electron tubes include the vacuum tubes used in radios and television plus the cathode ray television picture tubes. The semi-conductor devices include transistors, diodes, and rectifiers, items which take the place of electron tubes and metallic stack-type rectifiers.

A number of trends now evident in the components industry will become more significant in the near future. Foremost among these is miniaturization, a development which has been in effect for some time in military equipment and components and presently is flowing into industrial equipment and civilian products. Microminiaturization and molecular electronics are under development to effect additional reductions in size and weight. Another trend is toward the fabrication of components as part of the equipment assembly process; a prime example is the development of "complex components" and complete equipment sub-assemblies.

Production volume varies considerably between various electronic products as does manufacturing technique. In some of the specialized test equipment, for example, sales may only be a few hundred units, while in the case of a consumer product such as television sets, the annual volume exceeds six million units. Hand assembly predominates in the industry in varying degrees. In some of the high volume products such as television, automated assembly lines are employed; in the lower volume products, complete hand assembly is utilized.

The table on the following page shows the number of establishments producing electronic products by geographic location and employment. It is quite apparent that the Northeastern region of the United States dominates in the production of electronics products with the East and North Central states following.

LOCATION OF ELECTRONICS PRODUCERS (1954)

(Radios, electronic tubes, telephone equipment, and related communications equipment).

Region	Establishments		Employment	
	Number	Percent	000's	Percent
Northeast	1006	47.3%	215	48.9%
East North Central	586	27.6	148	33.7
South	149	7.0	35	8.0
West	384	18.1	42	9.4

In the Northeast, firms in the industry are about equally divided in size between those employing less than and more than twenty employees. Variations exist in some of the electronics categories as shown in the chart below, but overall, about 54% employ twenty or more workers, this being due to the large number of concerns producing radios, televisions and related equipment.

NUMBER AND RELATIVE SIZE OF SELECTED ELECTRONIC ACTIVITIES IN THE NORTHEAST

Category	Number of Firms		Percent of Industry
	Total	With 20 or More Workers	With More Than 20 Workers
Radios, TV and related equipment	802	415	52%
Electronic tubes	105	80	76
Telephone and telegraphic equipment	35	26	74
Communication equipment	64	22	34

In recent years the industry has leaned toward dispersion in plant facilities to service various geographic regions and to spread defense production

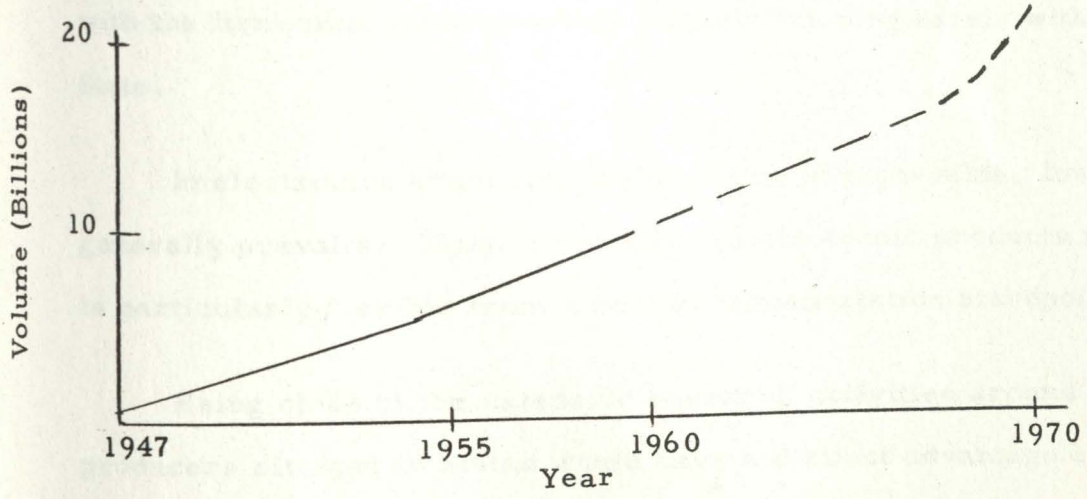
into diverse areas.

I. ELECTRONICS WILL DOUBLE AND PERHAPS EVEN TRIPLE IN VOLUME BY 1970

The phenominal growth in electronics sales in the past will continue into the future. As illustrated in the chart below, in 1947 the total industry volume was $1.7 billion; by 1960 it attained an estimated $10.0 billion, a 490% increase. This expansion has been due in part to rapid developments within the field . . . to items such as transistors in the past and more recently to tunnel diodes, and to the vast volume of television and other consumer electronic products produced in this period. In addition, the military requirements of various electronic products have buoyed the expansion of the industry.

Looking forward, it is anticipated that the present volume will likely double and in the case of certain lines such as industrial instru-

ELECTRONICS VOLUME *



*Includes radios and related products, electronic equipment, electronic tubes, semi conductor devises and electronic components.

ments and controls, possibly triple in this decade. The overall industry volume is likely to exceed $20 billion by 1970.

II. MAINE HAS FEATURES WHICH ARE COMPATIBLE WITH ELECTRONICS MANUFACTURE

The electronics industry production requirements are in many ways similar to those in other types of light manufacturing activities. Large numbers of semi-skilled workers, persons adept at hand assembly operations, are a prime requisite. In many cases, women can be used to assemble the light items, utilizing hand power tools and production line equipment to facilitate operations. Training for such light types of production and assembly can be accomplished within the plant since most operations are specialized in scope. The requirements of available workers who could acquire skills in assembly is compatible with the type of person readily found in Maine.

In supervisory positions, the need for highly trained and experienced personnel exists. This type of worker would have to be imported with the firm until such time that suitable training exists within the State.

In electronics products, the situation of high-value, low weight generally prevails. Thus, production of electronic products in Maine is particularly feasible from a cost of transportation standpoint.

Being close to the extensive research activities around Boston, producers situated in Maine would have a distinct advantage over others in more distant locations. Technical personnel could keep in close

professional contact with research developments as they progress through various developmental stages and perhaps even participate in them. A more intimate knowledge of research findings would likely result from such relationships and, in effect, enhance the position of Maine's producers.

Operating costs should also be less for producers in Maine than for those in other nearby states due to generally lower wage rates and more favorable tax structure in the State. Since the transportation costs would not present any discernible cost disadvantage, the overall operating costs should be lower in Maine and should contribute to maintaining firms in a competitive industry position.

III. ELECTRONIC FIRMS IN THE NORTHEAST SHOULD BE THE PRIME TARGET FOR ATTRACTION TO MAINE

The Northeastern region of the United States has a fairly high proportion of electronic firms at the present time. Coupled with the extensive research activities being conducted in the area, it is likely that concerns in the Northeast will experience sizeable growth and will continue to favor this region.

Maine should take advantage of the apparent desire of Northeastern firms to remain in the area and direct its initial contacts to these concerns. While some of the smaller firms would find the advantages of a Maine location conducive to moving their entire operation to the State, it is likely that the larger companies would find it more practical to initiate branch operations . . . as has Raytheon.

PHARMACEUTICALS

One of the areas in the broad field of chemistry that is expected to do extremely well in this decade is the pharmaceutical or drug industry. Research outlays have been particularly lavish in recent years and should prove fruitful with a host of new product introductions in the sixties.

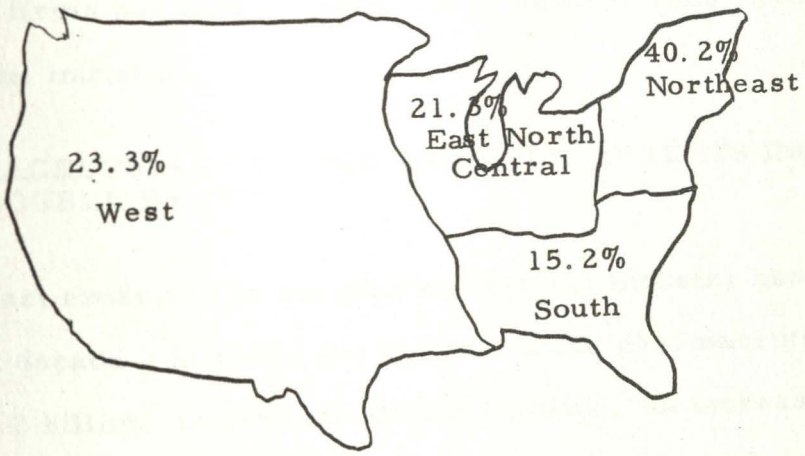
There are two types of drugs, the "ethicals" and the "proprietaries". Ethicals refers to the prescription type of drugs while the proprietaries are those more commonly purchased over-the-counter.

The activities of the pharmaceutical industry fall into three major areas: research and development of new drugs, production of medicinal chemical constituents, and formulation of constituents into prescribed dosage forms. While a number of firms in the industry specialize in only one of the activities, the majority of companies perform all of the operations. The industry as a whole spends about 5% of its sales in research and new product development; most of the research activities of today are concentrated on the "ethicals".

Production operations for pharmaceuticals vary from fermentation processes required in antibiotics, to the grinding and dissolving processes of animal extracts. The two main processes in use are called synthesis, the one used in antibiotics for example, and concentration applicable to the animal extract operations.

Geographically, the major volume of the pharmaceuticals are produced presently in the Northeast and in the East North Central regions of the United States as shown in the chart below.

GEOGRAPHIC PHARMACEUTICAL PRODUCTION
(Number of Establishments)



In 1956, the ten firms listed on the following page accounted for 80% of the total market with the largest firm obtaining 12.1% and the second ranked one obtaining 11.9% of it:

Lilly and Company

Parke, Davis, and Company

Upjohn Company

Wyeth Laboratories, Incorporated

Merck and Company

Squibb and Sons

Abbott Laboratories

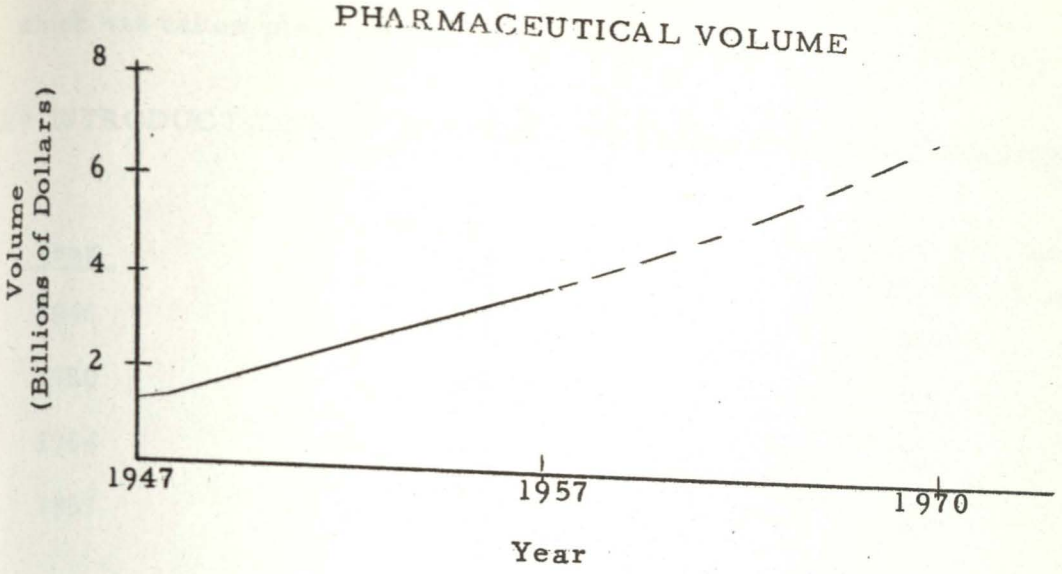
Smith, Kline, and French Laboratories

Lederle Laboratories Company

The number of pharmaceutical preparation firms totaled 1163 in 1956; less than 1% of the firms had 80% of the industry sales. Thus, over 1,000 "small" firms are in the industry.

I. PHARMACEUTICAL VOLUME WILL CONTINUE ITS INCREASE AND WILL DOUBLE BY 1970

Vast expansion in the pharmaceutical industry has occurred in the last decade. In 1947, the volume of the pharmaceutical industry was $1.2 billion, in 1957 it was $3.7 billion, an increase exceeding 300% in the ten year period. For the sixties, the sale of drugs is expected to continue to increase, doubling in volume by 1970. The growth trend in the industry is shown in the chart on the following page.



The major types within the industry which will be instrumental in the anticipated growth are listed below:

Proprietaries	Hormones
Antibiotics	Biologicals
Vitamins and Hematinics	Hypnotics and Sedatives
Tranquilizers and Hypertensives	New Drugs

In effect, it is expected that most segments of the industry will experience a rapid increase in volume through the forthcoming decade.

II. THE DRUG INDUSTRY IS DYNAMIC; MANY NEW PRODUCTS ARE INTRODUCED ANNUALLY

The drug industry is characterized by rapid and frequent change. Old products are quickly displaced and often whole new markets are created. For example, the tranquilizer group has attained an estimated $150 million in a field where there had been no recognized market. The chart on the following page illustrates the rapid change in products

which has taken place in the industry:

NEW INTRODUCTIONS OF ETHICAL PHARMACEUTICAL PRODUCTS

Year	Number of Firms	Total New Products Introduced
1948	80	399
1950	100	326
1954	101	380
1957	127	400

Certain companies in the industry tend to place heavier emphasis on one group of products than on others. For example, Smith, Kline and French, Carter Products, and American Home Products are leaders in tranquilizers --- Schering Corporation in cortical steroids --- Allied Laboratories and Eli Lilly in Salk Vaccine. While little opportunity exists in these area for entry by a new firm, those presently in these activities can expand considerably as the use of their particular item (s) increases.

III. PHARMACEUTICALS APPEAR PROMISING FOR MAINE

The two most common requirements of the pharmaceutical industry are the availability of labor and fresh water. Other requirements are specifically tied into the particular processes used in the production of the various drugs.

There are many operations in the production plant that require a semi skilled worker . . . inspection, packaging, material handling, etc.

In the skilled area fall the blenders, process engineers, and chemical specialists. Maine presently has an available labor force which, with some training, can readily fulfill the demands of semi skilled workers in the industry.

Abundant water is a necessity because of the processes used in the production of drugs. Large amounts of water are used in the fermentation and distilling processes; in some cases, particular care must be exercised in waste disposal to prevent the pollution of the water supply. In Maine, water is readily available from the many lakes and rivers and could easily fulfill the requirements of abundant pure water required by the pharmaceutical industry.

From a transportation standpoint, Maine would fare as well as neighboring states since the product again falls into the category of high-value, low weight. With fast truck, rail, and air service into the Boston and New York areas, no difficulty would be expected in this regard.

Maine has an added advantage over some of the other states in the Midwest and South in being closely situated to the vast medical research network in the Northeast devoted to medicine.

The combination of the availability of land, water, and labor force, coupled with the proximity to the hospital-medical research center of the Northeast, should be inviting to this type of industry if improvements in general industry attractiveness are developed.

IV. THE HIGH DENSITY OF PHARMACEUTICAL CONCERNS IN THE NORTHEAST WOULD APPEAR TO OFFER EXCELLENT POTENTIAL FOR ESTABLISHING A BRANCH OPERATION IN MAINE

A high degree of technology and skills are required in this industry. This will very likely mean that subsidiary or branch operations of established concerns would initially be most feasible for attraction to Maine. Once the industry becomes established and skills are generated in the work force, more intensive operations could be developed within the State.

Initial contacts in the pharmaceutical industry should be made with firms in the Northeast, these would probably be the best prospects for either migration to Maine or for establishing a branch operation. Concerns in the industry outside of the Northeast should be contacted primarily in terms of establishing branch facilities in the State.

It would be desirable to have available some research facilities, perhaps at the State University, which may be used by the companies to supplement their own research activities. While such facilities would not take the place of company research activities, they would be a valuable aid to the firms in performing some testing and research functions and in training future personnel.

PRODUCTS FROM THE SEA

One of the newest frontiers to challenge man is the sea. In the light of current technological developments, the sea offers new potential as a transportation medium, a source of minerals and of food. It is not infeasible that the sea may give rise to new multi-billion dollars industries.

The United States government and at least two other major powers - France and Russia - have considerable investments in oceanography research. The nation's interest, aside from commercial products, is apparent in transportation and defense activities. Recent explorations beneath the polar ice cap by nuclear submarines have indicated that commercial trade routes are possible. Utilizing the route below the ice cap, the distance between England and Japan is 5,000 miles shorter than present routes. By utilizing submarine "freight trains", a new era of transportation may be opened.

I. THE PROFIT POTENTIAL FROM THE SEA WILL LIE IN MANY DIVERSE AREAS

Increased research into the wealth of the sea will open the doors for new market opportunities. First to be required will be the equipment

for research -- the ships, instruments, and accessory gear necessary for deep ocean investigation. The Navy has been active in this area and has developed some equipment; however, much remains to be accomplished. As one example of the needs of this new frontier, scientists working on ocean research would like to utilize high power lights and television cameras to search the ocean at great depths and to scan the ocean floor.

Once research has uncovered areas for commercial exploitation, specially designed production equipment will be demanded. A new outlet for heavy mechanical equipment . . . sea cranes, underwater mining tools, netting, and many others will appear. In anticipation of these needs, some large companies are presently conducting research on metal resistance to sea water. Such firms as Alcoa and International Nickel are active in such research.

Mineral extraction opens another door. At present, magnesium and bromine are secured from seawater; sulfur and oil are procured from ocean floor probes.

The sea also offers the possibility of increasing the world food supply by offering a lucrative source of edible flora and fauna. For centuries the Japanese have harvested algae from the sea for food; these algae are rich in vitamins and minerals. Plankton, tiny floating or drifting creatures of the sea, may be used as fodder for domestic animals.

Perhaps one of the most interesting possibilities arises from the potential of seaweed. It presently is considered an important additive for fodder and fertilizer. Kelp meal is being used in the diets of mink and chicken with interesting results . . . the mink develop shinier coats, the chickens lay larger eggs. Algin, another seaweed derivative, is replacing gelatin as a stabilizer in ice cream. Seaweed also offers possibilities as an antibiotic and has been used successfully in an edible sausage casing.

Seaweed is an excellent soil conditioner, and results in increased productivity of the land. Dr. Senn of Clemson College, South Carolina, is investigating seaweed fertilizer for tobacco plants. His experiments have resulted in larger, improved quality tobacco plants.

Scientists also predict that someday, instead of conventional fishing, fish will be harvested from cultivated areas of the ocean. One possibility is to develop seaweed beds for the fish; it is known that fish tend to collect around certain types of seaweed and kelp. The logical approach would be to investigate the possibility of seeding desirable fishing areas with the proper kind of seaweed, in an effort to grow fish. With Maine's vast ocean frontage, fish farms, perhaps even lobster farms, could increase their output manyfold, and at the same time decrease costs significantly.

Another development in fishing methods is "electric fishing". Fish are drawn to the positive pole when an electric current is passed between two poles underwater. At the positive pole, the fish are sucked into a pipe and pumped into a trawlers' hole. The United States, Russia,

and West Germany have conducted experiments with this technique which could substantially increase the fish harvest manifold.

New developments are appearing each day, and new doors are being opened. The sea industry is still in its infancy - some commercial products are feasible today - but there is little doubt that it will expand tremendously in the future.

II. MAINE SHOULD SEEK TO ESTABLISH RESEARCH ACTIVITIES IN OCEANOGRAPHY

Maine appears well suited to activities in oceanography since it possesses a vast coastal area. Coupled with Maine's favorable assets in being close to the research and population center in the Northeast and in having good weather and living conditions, it has much to offer potential concerns in this field.

Research activity will be basic to the commercial exploitation of the sea. While both the U.S. Government and private concerns are interested in ocean exploration, the facilities established to date are quite meager. Thus, there is good possibility for Maine to get in on the bottom, so to speak, and exert concerted effort to gain a research lead in oceanography.

It is well to consider research in its broad sense here. While tremendous opportunity exists in the exploration of sea products themselves, the research and development of equipment - ships, instruments, etc. - and of submarine defense products, also offer good possibilities. Some of the companies that are active in these related areas are the

following:

Grumman Aircraft Engineering Corporation --- conducting studies of underwater instrumentation

Avien Inc. (Woodside, New Jersey) --- established a "Department of Undersea Technology"

Underwater Systems, Inc. (Wheaton, Maryland) --- established by two scientists to perform underwater research.

The Aluminum Company of America --- spends a half a million dollars a year testing sea water resistant aluminum alloys

International Nickel Company --- tests metal resistance to sea-water in test stations on the North Carolina coast.

When the proposed budget of the National Academy of Sciences of $900 million (for ten years) for deep sea research, is considered, it can readily be appreciated that extensive oceanographic research is imminent.

Maine might well contact the National Academy of Sciences and other private concerns who are interested in the ocean's potential to promote an oceanographic research center in the State. The time is ripe, and the potential for related commercial activity is great. Immediate attention, therefore, is warranted for attracting and initiating such endeavors in Maine.

III. PRESENTLY FEASIBLE COMMERCIAL SEA PRODUCTS SHOULD BE EXPLOITED

Maine is in an excellent position to develop the products commercially feasible at this time. While a research center should be one goal for the State, another should be the expansion of commercial activities in those sea products which are presently feasible. This would include products from seaweed and various algae.

In addition, effort should be directed toward securing more of the equipment work that will be available. The United States over the next two decades will significantly expand its fleet of nuclear-powered submarines and other nuclear-powered vessels. It is possible that Maine companies can participate in sub-contract work for the prime contractors producing these sea defense products and the related maritime items.

RECREATION-TOURISM

Recreation and tourist trade activities will unquestionably play a prominent role in the future economic activities of Maine. This industry is important to many states and to various other countries. In Canada, for example, the tourist expenditures have recently exceeded $350 million annually and now constitute the third ranking source of export income.

With the natural attractions in Maine, it is predominantly a matter of providing suitable recreation and tourist facilities to attract more vacationists. Facilities in parks, camp sites, beaches, and other recreational areas should be thoroughly reviewed and evaluated; these must be provided before an extensive increase in tourism can be expected. In addition, Maine should encourage the development of more tourist accommodations -- new motels are sorely needed. Many people that were interviewed in the course of this project pointed to the lack of desirable motel-hotel accommodations in the State. To make such investments economically feasible, an opportunity may exist to extend the normal vacation season by providing for fall and winter sports activities. It may also be feasible to consider the possibility of year round vacation sports resorts. Maine can well take advantage of the increased

trends in recreation and vacationing but it must gear itself to the needs of these guests.

Since a separate study will deal with Maine's recreation industry more completely, this area is not comprehensively reviewed in this report. It is deemed of significant importance, however, to recognize that this area offers excellent promise for growth and should be considered as one of the foremost economic potentials for Maine.

III. SERVICE INDUSTRIES GROWTH WILL BE A RESULTANT OF GROWTH IN OTHER AREAS

Expansion in services results from more employment, higher income, and larger populations. Where these occur, an increase can be expected for service activities: utilities, repairs, medical care, lawyers, police, public works, and so on. Most of these services are directly dependent on increases in the population; where the population is growing, more doctors are needed to provide adequate medical care, a more extensive public works program is required, additional police and fire facilities must be provided, etc.

In addition, trends in increased consumption in certain areas will also require expansion in service activities. By 1970, for example, electrical power usage in the average home is expected to increase five times over present levels. The increased use of the automobile, as another example, results in additional requirements in repairs; increased leisure time imposes more demands on recreation service facilities, and so on.

In general, therefore, the expansion in the service activities will depend upon the growth in other industrial activities and in the population; it will be necessary to achieve these others first. To increase service functions before the demand for them is established would be fruitless. Thus, while increased activity in this area is recognized, it is not considered as an area for directing major attention in this report.

* * * *

This chapter has identified and discussed some industry and economic activities that appear particularly suited for Maine and can offer growth potential in the future.

Again it is emphasized that many opportunities exist . . . capable entrepreneurial ability and adequate financing could well blossom many of those dormant areas for Maine in the future. The industries here discussed are not presented as being all inclusive. They merely provide a starting point where the chances of attracting new industry appear most favorable at the present time.

The next chapter presents a discussion of several major points to be considered in contacting specific firms in various industries. A list of firms within the industries reviewed in this chapter is presented in the appendix. These firms have been selected on the basis of their individual expansion potentials, their likelihood to establish operations and/or branches in either the Northeast or in Maine, their favorable financial structure, and finally their relative standing in their own particular industries. Again, it is stressed that this listing is not presented as being all inclusive, rather, it is intended to represent a suggested list which may be used to initiate contact work.

CHAPTER FOUR

GENERAL TECHNIQUES FOR CONTACTING PROSPECTS

GENERAL TECHNIQUE FOR CONTACTING PROSPECTS

One of the most important functions of economic development is contact work. The job of contacting prospects requires considerable planning and must be professionally executed if satisfactory results are to be achieved. Those individuals who represent the State in contact work must be well trained and capable; it is their function to stimulate interest in the State and to sell the prospect on Maine. In this activity, it is extremely important to achieve rapport with the prospects contacted . . . in effect, to communicate to them Maine's story and to encourage them to consider the State for the location of their activity.

In planning for contact work, three stages can be identified in the information - interest process; these are:

- create interest in the State
- familiarization with the State - its assets and limitations
- detailed knowledge of communities

It is difficult to conceive interest being generated before the prospect has been suitably introduced to the State. Thus, the prime objective of initial contacts should be to acquaint the prospect with Maine. Where some familiarity with the State is likely had, an introduction aimed at broadening the prospect's knowledge should be the goal; where little familiarity with the State is suspected, an elementary type of introduction, one detailing the assets of the State should be presented.

The next stage in the process is to expand the prospects' knowledge

of Maine, preferably by being personally exposed to it. Once the prospect has accepted the State as a promising location, his next need is to acquire detailed knowledge of various communities. From such information he will be able to ascertain which location best suits his requirements. Thus follow the three phases in the contact process: the introduction - interest, the familiarization, and community knowledge.

Contact work takes considerable persistence and effort . . . contacts do not come easily. It is important to make the most of each one especially where some interest is generated.

One approach to securing the maximum results from contact effort is to offer individual attention to each prospect. In all phases of contact work, each prospect should be given as much individual treatment as is possible. This means that letters should be designed specifically for the individual prospect, not to the industry; calls should be predicated on some knowledge of the particular firm - its background and products, mailings of standard brochures or newsletters should preferably have a brief note attached, and so on. The concept of individual treatment should receive the foremost attention of each member of the State who is instrumental in contact work.

The following discussion covers the steps to be taken in contacting concerns in the various industries. It covers the, "how to," for initiating and conducting contacts. It is not intended to be detailed, but rather to serve as a guide against which the current activities of the DED and local development groups can be checked. In many instances, the study team noted that portions of the suggested procedure are already being practiced.

I. IDENTIFICATION OF NEW INDUSTRIAL PROSPECTS MUST BE A CONTINUING PROGRAM; THE SOURCES FOR SUCH IDENTIFICATION ARE MANY

In the quest for economic development, it is essential that a means for identifying new prospects be provided. This will permit State and/or local representatives the opportunity to maintain a continuing contact program with individuals and companies most likely to move to Maine. In developing the list of prospects, a degree of selectivity must be utilized. For it is only by selecting those individuals or firms that would be likely prospects that maximum results can be attained from the effort and expenditures involved.

The criteria to be used in identifying prospects relate mainly to the capability of the operation, be it an individual or a company, and to the likelihood of its success in Maine. In regard to capability, the prospect should be evaluated on the basis of its historical performance and its potential for the future. Its history - be it short or long - should be one reflecting good management, one of knowing its operations, and of being profitable and progressive. Desirable prospects should have a good reputation in their industry. Furthermore, they should be financially capable of initiating (or moving) new operations and of sustaining them over the formative stages in a new location.

In identifying desirable prospects, a combination of sources and methods should be used. At the outset, it must be realized that numerous possibilities inevitably must be screened in order to provide a few good leads.

One of the methods of identifying prospects is to look to trends in various industries and to growth areas. If expansion is to be attained, it is desirable to first select industries that will increase their activity in the future, then look to companies in the industry that offer possibility of being attracted to Maine. Industry trends are periodically reported in various industry publications and in releases by the U. S. Department of Commerce in its industry fact sheets and reviews. The identification of companies in these industries can be made through organizations such as Dun and Bradstreet, Standard and Poor, industry publications, and through trade/industry associations.

Another good source for prospect leads is through references from businessmen, bankers, utilities, trade associations, both within and outside the State. Many persons in various capacities in Maine can provide references to others outside the State that would likely be interested in Maine. These references can, for the most part, be secured by contacting the businessmen, bankers, associations, utilities, etc., and asking for their recommendations. Similar groups outside the State may also furnish such leads if requested. In many cases, it might be advantageous to have these sources or their representatives participate in the contact; here discretion must be used to a high degree.

Frequently, inquiries received by the bankers and utilities, perhaps for information, can be used as a clue to concerns interested in the State. Of course, the direct inquiries received by the State and/or local communities can provide a prime source for a prospect list. Again, it is a matter of contacting these sources and asking that they provide a

listing of such inquiries for use in the economic development program.

Listings of prospects must be evaluated and the "best" possibilities contacted personally. However, it is well to maintain the list of leads developed and to periodically review those "leads" that have not been contacted. Circumstances in six months or in a year or so may change so that the lead might be advantageously contacted at that future time.

II. PERSONNEL OF THE DED SHOULD BE ASSIGNED THE RESPONSIBILITY FOR VARIOUS INDUSTRIES; THEY SHOULD BECOME FAMILIAR WITH THE INDUSTRY AND THE COMPANIES TO BE CONTACTED

The program for contacting various industries should be assigned among the members of the DED organization. Appropriate members should be assigned one or more industries which they will have the responsibility for contacting.

It is essential that each member be reasonably familiar with the industry he will deal with. The first step in the program, therefore, is to "know the industry and the company." This is important in making contacts since prospects, of course, will be interested to specifically learn why Maine will be appropriate for their industry and, in particular, for their company. Knowledge of the industry, its background, characteristics, and trends will help the representative to achieve rapport with the persons he contacts. In addition, such knowledge will show the prospect that Maine is sincerely interested in the industry and in his company.

A number of sources of information are available for industry

information; some of these are: industry trade associations, trade journals and periodicals, company publications, annual reports, books on the industry, and government publications. A listing of specific publications on an industry can generally be secured or compiled by librarians; company and government publications can be secured by request directly to them. Trade associations can be identified from the compilation of such groups in the Encyclopedia of American Associations.

Before contacting a specific company it would be well to learn of its background and present character. Usually, annual reports and company publications can supply such information; other sources are Dun and Bradstreet and Standard and Poor. These sources will enable the State's representative to be specific and to tailor his correspondence and conversations to the company itself.

The approach described above is also applicable to local development groups as well as to the DED. It would be well for the DED and local groups to work together on contacts wherever possible.

III. THE INITIAL CONTACT WITH A PROSPECT CAN BEST BE ACHIEVED THROUGH PERSONAL CORRESPONDENCE FOLLOWED BY A PHONE CALL

The purpose of the initial contact is to introduce the prospect to the State of Maine. All efforts in the introductory and early stages of the contact should be geared to supplying general information on the State and its advantages, and be designed to arouse interest in the State on the part of the recipient.

For the initial contact, a personal letter should be sent to an appropriate official of the company. This letter should be designed in such a fashion that while introducing Maine to the prospect, it would also inform him of the advantages of the State for his company, stressing how he would benefit from locating in Maine. Finally, it should serve to inform the recipient that the State's representative will call him by telephone in a few days. With the letter should be included supplementary material, such as a brochure on the State, which will help to introduce Maine and its assets. It would be best if the letter was mailed on a Tuesday or Wednesday so that the recipient would receive it on Thursday; such timing would avoid the deluge of activity generally arising in the first part of the week to permit better exposure of the letter.

The subsequent phone call to the prospect should be made in the middle of the week following the mailing of the letter. Either Wednesday or Thursday would likely to be most appropriate. The phone conversation should serve an introductory and exploratory purpose, one in which the State's representative introduces himself, answers any preliminary questions, and attempts to find out what specific type of information would be desired by the prospect. In addition, the personal conversation helps Maine's representative to ascertain the degree of interest on the part of the prospect and also to arrange for a personal meeting with the prospect at his convenience.

While it is most desirable to personally meet with the prospect as soon as possible, this meeting should be appropriately timed. In some cases it might be more fruitful to send additional material before

making a personal visit or even to delay the visit for a few weeks or a month if it would meet his expressed desire. In the case of such delays, however, the State's representative should maintain contact by sending the prospect some additional supplementary information -- an appropriate news release, brochure, or similar items -- to keep the prospect reminded of the State. These mailings should be accompanied by a brief note, a handwritten one is adequate.

IV. THE PERSONAL CALL SHOULD SERVE TO EXCHANGE INFORMATION, TO STIMULATE INTEREST, AND TO ARRANGE FOR THE PROSPECT'S PERSONAL VISIT TO MAINE

The personal visit is a very important step in the contact procedure. It is at this point that the prospect and Maine's representative can exchange detailed information. The representative should exercise discretion in the call; above all, he should listen to the prospect before talking; in this way he can gain some insight into the interests and important considerations of the prospect. The prospect, in addition, should be permitted to ask any questions that are important to his concern.

It is highly desirable that the prospect be able to attain a sufficient acquaintance with the State so as to secure a "feel" for it, one that would enable him to assess the State in a preliminary way in relation to his operations. It is mainly a matter of learning about various features of the State. Pictures might appropriately be used to acquaint the prospect with Maine at this time.

The proposed meeting more importantly, should serve as a personal

invitation to have the prospect visit Maine. To a great extent, inducing the prospect to visit Maine will depend on the suitability of the State's assets to the prospect's needs and to the manner in which these assets are presented. Through the course of the meeting, the State's representative should have had the opportunity to become more familiar with the company and to point out to the prospect the features Maine would specifically have to offer. Near the conclusion of the meeting the prospect should be invited to visit the State and to tour the areas of most interest to him. If a date for the visit cannot be made immediately, follow up calls should be made to arrange a convenient date.

The State's representative making calls, without question, should be the type of individual who can adequately represent the State, one who has a complete knowledge of its assets and limitations, and one who can sincerely convince the prospect that Maine is worth investigating. This initial personal contact is important; it must be made by a qualified individual.

If no visit can be arranged in the immediate future, provision should be made to "follow-up" the prospect at a later date. The prospect should be asked when it would be most advantageous for the State's representative to contact him again.

V. WHILE THE PROSPECT'S VISIT TO MAINE SHOULD BE PRE-PLANNED, SOME FLEXIBILITY SHOULD BE ALLOWED

Prospects need to become familiar with the State's assets before a decision can be made to relocate. The personal invitation to come to

Maine will permit the prospect to learn about the State firsthand, to see for himself what the State has to offer. In this way he can best judge the attractiveness of the move.

Maine's representative should pre-plan the visit and make reservations for the prospect; meetings and tours to be held during the visit should be tailored to the needs and interests of the prospect. Meetings should initially be held with some State representatives (the exact ones being predicated on the nature of the industry he represents) and also with a few representative community leaders preferable at the State capital. Subsequently, tours can be made of areas of interest. A suggested agenda for the prospect is the following:

- Introductory meeting with members of the Department of Economic Development. In this meeting initial questions are answered and additional information is provided.
- Meetings with other State and perhaps community officials.
- Conducted tour of areas of interest, pointing out available plant sites, housing, municipal facilities of particular interest, various assets of the State, and perhaps recreational facilities. The local representative of the area might appropriately assist(or conduct) this tour.
- Meeting (s) with community representatives and local businessmen to discuss labor situation, taxes, and municipal services. This meeting could take place at a luncheon.

In pre-planning, care should be exercised to keep this initial introduction somewhat casual, allowing for many informal discussions. The prospect should be allowed adequate free time with which to do as he pleases. This introductory meeting should definitely not be a hectic pre-planned affair which leaves the prospect exhausted -- and perhaps glad to leave the State; it should be a pleasant introduction to it.

When the prospect arrives, he should be met by the State's representative. The red carpet should be rolled out, in the sense that he is personally conducted around the State and is courteously treated. It is unnecessary to excessively wine and dine the prospect . . . luncheon and dinner meetings are most appropriate; in many cases, excessive entertainment is not considered in good taste. It is well to remember, however, that each case should be evaluated and treated individually - depending on the circumstances and upon the prospect himself. Commonly, the prospect pays his major transportation costs, the State may assume his local expenses; but, again, flexibility should dominate . . . this arrangement can be varied to meet each particular situation.

Once sufficient interest has been generated, the prospect should be introduced to various communities. It is desirable that the DED be in a position to furnish the prospect with general information on various communities. Data sheets, brochures, etc. on the communities in Maine will adequately serve as an initial introduction if they are properly prepared. Once the prospect has tentatively selected those communities that hold most promise, arrangements can be made for him to meet with communities' representatives. It is then the communities' responsibility

to properly present themselves and entice the prospect to their specific area.

To avoid any appearances of favoritism, the DED may invite community representatives to meet with the prospect at the State Capital. Those communities who are interested can introduce their areas. Subsequently, it falls to the prospect himself as to which communities he wishes to personally visit; however, the DED representative should make arrangements for the prospect to visit the communities desired. The extent to which this approach can be used will be determined by the specific nature of the prospect and his interests; again, no hard and fast rule is appropriate.

VI. FOLLOW-UP ACTIVITIES SHOULD NOT BE OVERLOOKED - THEY SHOULD BE A SOURCE OF LEADS

Most likely, the prospect may require some time before reaching a decision on the move to Maine. In this period, the State should do all in its power to assist the prospect by providing information and answers to any questions that might arise.

It would be well to personally phone the prospect about a week after his visit to the State. At this time any information the prospect requires can be supplied or sent to him. If possible and warranted, a subsequent personal call should be made on the prospect.

Follow-up activities, as well as other avenues, should be used to secure leads on other prospects for the State. Quite frequently, initial prospects can refer the State's representative to others who may

be interested in Maine. In contacting these leads, the procedure to be followed would be the same as the one described in this chapter.

It is, once again, important to remember that the contact should be tailored to the specific requirements and interests of the prospect.

* * * * *

This chapter is not intended to be all inclusive. Rather, it sets the tone for contact work on both a state and local level. It provides a means for Maine's Department of Economic Development and local development organizations to check their programs and philosophies against this recommended approach.

Economic Development Department.
Armour report, final report.